

SOLANO COUNTY WATER AGENCY



BOARD OF DIRECTORS:

Chair:

Supervisor Skip Thomson
Solano County District 5

Vice Chair:

Mayor Ron Kott
City of Rio Vista

Mayor Elizabeth Patterson
City of Benicia

Mayor Thom Bogue
City of Dixon

Mayor Harry Price
City of Fairfield

Director Ryan Mahoney
Maine Prairie Water
District

Director Dale Crossley
Reclamation District No.
2068

Mayor Ron Kott
City of Rio Vista

Supervisor Erin Hannigan
Solano County District 1

Supervisor Monica Brown
Solano County District 2

Supervisor Jim Spering
Solano County District 3

Supervisor John Vasquez
Solano County District 4

Director John D. Kluge
Solano Irrigation District

Mayor Lori Wilson
City of Suisun City

Mayor Ron Rowlett
City of Vacaville

Mayor Bob Sampayan
City of Vallejo

GENERAL MANAGER:

Roland Sanford
Solano County Water
Agency

BOARD OF DIRECTORS MEETING

DATE: Thursday, July 11, 2019

TIME: 6:30 P.M.

PLACE: Berryessa Room
Solano County Water Agency Office
810 Vaca Valley Parkway, Suite 203
Vacaville

1. **CALL TO ORDER**

2. **PLEDGE OF ALLEGIANCE**

3. **APPROVAL OF AGENDA**

4. **PUBLIC COMMENT**

Limited to 5 minutes for any one item not scheduled on the Agenda.

5. **CONSENT ITEMS** *(estimated time: 5 minutes)*

- (A) Minutes: Approval of the Minutes of the Board of Directors meeting of June 13, 2019.
- (B) Expenditure Approvals: Approval of the June 2019 checking account register.
- (C) Quarterly Financial Reports: Approve Income Statement and Balance Sheet for period ending June 30, 2019.
- (D) Approve Revised State Water Project Contract Amendment 21: Authorize General Manager to execute revised State Water Project Contract Amendment 21 (contract extension).



6. **BOARD MEMBER REPORTS** *(estimated time: 5 minutes)*

RECOMMENDATION: For information only.

7. **GENERAL MANAGER'S REPORT** *(estimated time: 5 minutes)*

RECOMMENDATION: For information only.

8. **SOLANO WATER ADVISORY COMMISSION REPORT** *(estimated time: 5 minutes)*

RECOMMENDATION: For information only.

9. **FLOOD MANAGEMENT POLICY REVISIONS**

RECOMMENDATION: Adopt revisions to Flood Management Policy proposed by Flood Control Advisory Committee.

10. **HABITAT RESTORATION AND MONITORING AGREEMENTS WITH SOLANO LAND TRUST AND PG & E**

RECOMMENDATIONS:

1. Authorize General Manager to sign Habitat Mitigation and Monitoring Agreement between Water Agency and Solano Land Trust.
2. Authorize General Manager to sign Habitat Restoration and Enhancement Agreement between Water Agency and PG & E.

11. **LEGISLATIVE UPDATES** *(estimated time: 10 minutes)*

RECOMMENDATION:

1. Hear report from Committee Chair on activities of the SCWA Legislative Committee.

12. **WATER POLICY UPDATES** *(estimated time: 5 minutes)*

RECOMMENDATION:

1. Hear report from staff on current and emerging Delta and Water Policy issues and provide direction.
2. Hear status report from Committee Chair on activities of the SCWA Water Policy Committee.
3. Hear report from Supervisor Thomson on activities of the Delta Counties Coalition, Delta Protection Commission.

4. Hear report from Supervisor Thomson on activities of the Delta Conservancy.

13. TIME AND PLACE OF NEXT MEETING

Thursday, August 8, 2019 at 6:30 p.m. at the SCWA offices.

The Full Board of Directors packet with background materials for each agenda item can be viewed on the Agency's website at www.scwa2.com.

Any materials related to items on this agenda distributed to the Board of Directors of Solano County Water Agency less than 72 hours before the public meeting are available for public inspection at the Agency's offices located at the following address: 810 Vaca Valley Parkway, Suite 203, Vacaville, CA 95688. Upon request, these materials may be made available in an alternative format to persons with disabilities.

JUL.2019.bod.agnda

CONSENT ITEMS

**SOLANO COUNTY WATER AGENCY
BOARD OF DIRECTORS MEETING MINUTES**

MEETING DATE: June 13, 2019

The Solano County Water Agency Board of Directors met this evening at the Solano County Water Agency office in Vacaville. Present were:

Mayor Elizabeth Patterson, City of Benicia
Vice-Mayor Scott Pederson, City of Dixon
Vice-Mayor Pamela Bertani, City of Fairfield
Mayor Ronald Kott, City of Rio Vista
Mayor Lori Wilson, City of Suisun City
Mayor Ron Rowlett, City of Vacaville
Mayor Bob Sampayan, City of Vallejo
Supervisor Monica Brown, Solano County District 2
Supervisor John Vasquez, Solano County District 4
Supervisor Skip Thomson, Solano County District 5
Director Michael Barrett, Solano Irrigation District
Director Dale Crossley, Reclamation District 2068
Director Ryan Mahoney, Maine Prairie Water District

CALL TO ORDER

The meeting was called to order by Chair Thomson at 6:30 pm. Chair Thomson introduced Director Michael Barrett of the Solano Irrigation District, attending as an alternate Board Member, and City of Fairfield Vice-Mayor Pamela Bertani, also attending as an alternate Board Member.

APPROVAL OF AGENDA

On a motion by Supervisor Vasquez and second by Supervisor Brown the Board unanimously approved the agenda.

Director Mahoney joined the Board meeting shortly after the Board's approval of the Agenda.

PUBLIC COMMENT

Mr. Jeff Tenpas, speaking on behalf of The Friends of Putah Creek, commented on several Lower Putah Creek Coordinating Committee (LPCCC) projects near the City of Winters. Mr. Tenpas stated that the LPCCC Board of Directors recently approved three new implementation projects without, in his opinion, sufficient supporting materials in the accompanying staff report or discussion among Board members. Mr. Tempas questioned whether the LPCCC Board is providing sufficient oversight of LPCCC activities.

Mr. Alan Pryor, speaking on behalf of The Friends of Putah Creek, noted that their organization filed a lawsuit in Solano County Superior Court against the Central Valley Flood Protection Board with the Water Agency listed as a Real Party of interest, and that the Court recently rejected the Water Agency's motion to dismiss the lawsuit. Mr. Pryor stated that the Water Agency has not yet provided records requested by The Friends of Putah Creek, pursuant to a Public Records Act Request.

CONSENT ITEMS

General Manager Sanford requested that Item 5(C) (Purchase of New John Deere 135G Tracked Excavator) be pulled from the Consent Items to correct an error in the accompanying staff report. On a motion by Mayor Patterson and a second by Vice-Mayor Pederson, the Board unanimously approved the following consent items:

- (A) Minutes
- (B) Expenditure Approvals
- (D) Pre-Approval of Fiscal Year 2019-2020 Payments
- (E) SCWA Statement of Investment Policy for Fiscal Year 2019-2020
- (F) Purchase of YSI Water Quality Monitoring Equipment
- (G) Purchase of Eyasco Inc. software and hardware for Solano Project and Flood Monitoring Network Upgrades
- (H) Purchase of computer and SCADA networks

General Manager Roland Sanford noted that the total estimated net cost of the John Deere 135G Tracked Excavator was incorrectly stated in the Recommendation section of the staff report for Consent Item 5(C) – the correct estimated net cost is \$129,842, rather than \$127,023. On a motion by Supervisor Vasquez and a second by Supervisor Brown, the Board unanimously approved Item 5(C).

Mayor Wilson joined the Board meeting shortly after the Board's approval of the Consent Items.

BOARD MEMBER REPORTS

There were no Board member reports.

GENERAL MANAGER'S REPORT

In addition to the written report, General Manager Roland Sanford provided a brief update on the ongoing Phase I Dixon drainage study. Mr. Sanford noted that the study's draft report was completed last month, and that staff are expecting the final report to be completed by the end of June.

SOLANO WATER ADVISORY COMMISSION

There was no verbal report. The minutes of the April 24th, 2019 Solano Water Advisory Commission meeting were included in the Board packet.

SCWA BUDGET FOR FISCAL YEAR 2019-2020

General Manager Roland Sanford reported that the Executive Committee, acting as the Budget Review Committee, has reviewed the proposed budget and is recommending its adoption. Mr. Sanford also reported that the Budget Review Committee recommends the Board create an ad-hoc Committee to explore opportunities for generating supplemental revenues. Mr. Sanford noted that the proposed FY 2019/20 budget essentially mirrors the current year budget, which was designed to reduce reserves by \$6.5 million through implementation of several "one-time" projects, and explained that because some of the proposed one-time projects have not proceeded as quickly as anticipated, the FY 2018/19 will close with a net increase in reserves of approximately \$3.3 million. He went on to explain that the proposed FY 2019/20 budget includes one-time projects that were scheduled but not completed in FY 2018/19 as well as expenses associated with the purchase of additional office space, with the expectation that reserves would be drawn down by approximately \$8.5 million at the close of FY 2019/20.

Chair Thomson appointed the following Board members; Supervisor Brown, Mayor Patterson, Supervisor Vasquez, Director Kluge; and the Chair of the Solano Water Advisory Commission – Felix Risenberg - to an ad-hoc Committee that is tasked with exploring additional revenue opportunities. On a motion by Supervisor Vasquez and second by Mayor Kott the Board unanimously approved the SCWA Budget for Fiscal Year 2019-2020.

BUDGET IMPLEMENTATION ACTIONS

State Water Project Tax Rate for Fiscal Year 2019-2020

General Manager Roland Sanford briefly explained that the North Bay Aqueduct (NBA) is part of the State Water Project and is owned and operated by the Department of Water Resources, but that the Water Agency is responsible for Solano County's share of the NBA operations and maintenance costs, as well as capital costs, and that roughly 80 percent of the funds used to pay these costs are obtained through the North Bay Aqueduct zone of benefit tax. On a motion by Mayor Wilson and second by Mayor Patterson the Board unanimously approved the State Water Project Tax Rate - \$0.02 per \$100 assessed valuation - for Fiscal Year 2019-2020.

Cost of Living Adjustment for Water Agency Employees

General Manager Roland Sanford explained that cost of living adjustments are at the discretion of the Board of Directors and that historically the Board relied on three Consumer Price Indices; the San Francisco-Oakland-San Jose Index, the West Index, and the Los Angeles-Anaheim-Riverside Index as a benchmark for granting annual cost of living adjustments. On a motion by Mayor Patterson and a second by Supervisor Brown the Board unanimously approved a 3.0% cost of living adjustment for Water Agency employees, effective July 1, 2019.

Consultant Services Contracts and Renewals

General Manager Roland Sanford noted that a substantial portion of the Water Agency's work is performed by consultants and vendors, and referenced the 27 contracts summarized in the Board meeting packet. Director Crossley asked how contractors are monitored to insure the Water Agency gets what it pays for. Mr. Sanford explained that contractor budgets are typically monitored monthly and cross referenced with monthly or quarterly progress reports submitted by the respective contractors. Director Brown asked if Requests for Proposals are prepared for every consultant or vendor contract, to which Mr. Sanford explained that it depended on the nature of the work to be performed, and suggested that in the future, staff could include additional information regarding the solicitation process used to select and award each contract identified in the consultant list provided as a part of the June budget implementation actions.

On a motion by Mayor Patterson and second by Mayor Wilson the Board unanimously approved the Water Agency Consultant Services Contracts and Renewals for Fiscal Year 2019-2020 with the stipulation that information regarding the contractor solicitation process be included for each contract identified in the consultant list provided as a part of the June budget implementation actions.

LEGISLATIVE UPDATES

Mayor Kott, Chair of the SCWA Legislative Committee, reported that the committee did not meet in June.

WATER POLICY UPDATES

1. Staff had nothing to report on emerging Delta and Water Policy issues.
2. The Water Policy Committee recently heard two staff presentations on the North Bay Aqueduct (NBA) water supply and is developing draft policies, for possible Board adoption, regarding "out-of-county" NBA water exchanges. The next meeting is scheduled for July 1.
3. Supervisor Thomson reported that he and other members of the Delta County Coalition met with Natural Resources Secretary Crowfoot and discussed a variety of Delta water issues.
4. There was no report on the activities of the Delta Conservancy.

TIME AND PLACE OF NEXT MEETING

Thursday, July 11, 2019 at 6:30 p.m., at the SCWA offices in Vacaville.

ADJOURNMENT

This meeting of the Solano County Water Agency Board of Directors was adjourned at 7:03 p.m.

Roland Sanford
General Manager & Secretary to the
Solano County Water Agency

**ACTION OF
SOLANO COUNTY WATER AGENCY**

DATE: July 11, 2019
SUBJECT: Expenditures Approval

RECOMMENDATIONS:

Approve expenditures from the Water Agency checking accounts for June 2019.

FINANCIAL IMPACT:

All expenditures are within previously approved budget amounts.

BACKGROUND:

The Water Agency auditor has recommended that the Board of Directors approve all expenditures (in arrears). Attached is a summary of expenditures from the Water Agency's checking accounts for June, 2019. Additional backup information is available upon request.

Recommended: _____


Roland Sanford, General Manager

☐

Approved as
recommended

☐

Other
(see below)

☐

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next page

Modification to Recommendation and/or other actions:

I, Roland Sanford, General Manager and Secretary to the Solano County Water Agency, do hereby certify that the foregoing action was regularly introduced, passed, and adopted by said Board of Directors at a regular meeting thereof held on July 11, 2019 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Roland Sanford
General Manager & Secretary to the
Solano County Water Agency

SOLANO COUNTY WATER AGENCY
Cash Disbursements Journal
For the Period From Jun 1, 2019 to Jun 30, 2019

Filter Criteria includes: Report order is by Check Number. Report is printed in Detail Format.

| Date | Check # | Account ID | Line Description | Debit Amount | Credit Amount |
|---------|---------|--------------------------------------|--|------------------------------|---------------|
| 6/7/19 | 33220V | 2020SC 1020SC | Invoice: 3564876 HOME DEPOT CREDIT SERVICE | 103.86 | 103.86 |
| 6/7/19 | 33221V | 2020SC 1020SC | Invoice: 3023438 HOME DEPOT CREDIT SERVICE | 324.94 | 324.94 |
| 6/7/19 | 33222V | 2020SC 1020SC | Invoice: 1023606 HOME DEPOT CREDIT SERVICE | 303.81 | 303.81 |
| 6/5/19 | 33326 | 2020SC 2020SC 1020SC | Invoice: REIM 4.21-5.4.19 Invoice: EXP 5/18-6/1/19 LUCIA ARREOLA | 25.53 71.86 | 97.39 |
| 6/5/19 | 33327 | 2020SC 1020SC | Invoice: EXP REIM MAY 2019 JEFF BARICH | 37.12 | 37.12 |
| 6/5/19 | 33328 | 2020SC 1020SC | Invoice: REIMB 5.05-5.19.19 BRADLEY TONEY | 68.44 | 68.44 |
| 6/5/19 | 33329 | 2020SC 1020SC | Invoice: EXP REIM 5.05-5.18.1 CHAD CABRISTANTE | 34.80 | 34.80 |
| 6/5/19 | 33330 | 2020SC 1020SC | Invoice: 125695/1 CALIFORNIA SURVEYING & DRAFTIN | 1,199.80 | 1,199.80 |
| 6/5/19 | 33331 | 2020SC 1020SC | Invoice: EXP REIM MAY 2019 JONNY CERVANTES | 37.12 | 37.12 |
| 6/5/19 | 33332 | 2020SC 2020SC 2020SC 1020SC | Invoice: EXP REIM 5.20.19 Invoice: REIM MAY 2019 Invoice: EXP MAY 2019 GUSTAVO CRUZ | 40.60 20.88 24.13 | 85.61 |
| 6/5/19 | 33333 | 2020SC 2020SC 1020SC | Invoice: 0000001203296 Invoice: 0000001203298 DEPT OF FORESTRY & FIRE PROTECTION | 226.94 680.82 | 907.76 |
| 6/5/19 | 33334 | 2020SC 1020SC | Invoice: 6247000 TIAA BANK | 1,205.12 | 1,205.12 |
| 6/5/19 | 33335 | 2020SC 1020SC | Invoice: EXP REIMB MAY 2019 MARCIE FEHRENKAMP | 446.05 | 446.05 |
| 6/5/19 | 33336 | 2020SC 1020SC | Invoice: PCS01 FOUR 'M' CONTRACTING | 2,403.50 | 2,403.50 |
| 6/5/19 | 33337 | 2020SC 2020SC 1020SC | Invoice: 120963 Invoice: 120966 GHD, INC. | 3,527.75 3,535.75 | 7,063.50 |
| 6/5/19 | 33338 | 2020SC 1020SC | Invoice: 113354 GRANICUS | 200.00 | 200.00 |
| 6/5/19 | 33339 | 2020SC 1020SC | Invoice: 11488198 HACH COMPANY | 155.45 | 155.45 |
| 6/5/19 | 33340 | 2020SC 1020SC | Invoice: EXP REIM 5.18-6.1.19 KAO GER HER | 47.56 | 47.56 |
| 6/10/19 | 33340V | 2020SC 1020SC | Invoice: EXP REIM 5.18-6.1.19 KAO GER HER | 47.56 | 47.56 |
| 6/5/19 | 33341 | 2020SC 2020SC 1020SC | Invoice: S29087 Invoice: S29121 HOLT AG SOLUTIONS | 389.19 700.70 | 1,089.89 |
| 6/5/19 | 33342 | 2020SC 2020SC 2020SC | Invoice: MILEAGE REIM MAY Invoice: EXP REIMB 5.10.19 Invoice: EXP MAY 20 2019 | 151.96 35.77 40.84 | |

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| Date | Check # | Account ID | Line Description | Debit Amount | Credit Amount |
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| | | 1020SC | ZACH HYER | | 228.57 |
| 6/5/19 | 33343 | 2020SC | Invoice: CL23598 | 1,552.40 | |
| | | 1020SC | INTERSTATE OIL COMPANY | | 1,552.40 |
| 6/5/19 | 33344 | 2020N | Invoice: 0519-4 | 600.00 | |
| | | 1020SC | JEFFREY J JANIK | | 600.00 |
| 6/5/19 | 33345 | 2020SC | Invoice: EXP 5/18-6/01/19 | 20.88 | |
| | | 1020SC | KYLE JOHNSON | | 20.88 |
| 6/5/19 | 33346 | 2020SC | Invoice: REIMB MAY 2019 | 139.23 | |
| | | 1020SC | DUC JONES | | 139.23 |
| 6/5/19 | 33347 | 2020SC | Invoice: 63100550714 | 265.34 | |
| | | 1020SC | LES SCHWAB TIRE CENTER | | 265.34 |
| 6/5/19 | 33348 | 2020SC | Invoice: EXP REIM 5.5.19 | 200.00 | |
| | | 1020SC | LONG NGUYEN | | 200.00 |
| 6/5/19 | 33349 | 2020SC | Invoice: REIMB 4.21-5.4.19 | 107.30 | |
| | | 2020SC | Invoice: EXP RPT 5.17.19 | 40.60 | |
| | | 1020SC | ROBERTO RAMIREZ LOPEZ | | 147.90 |
| 6/5/19 | 33350 | 2020SC | Invoice: 536774 | 105.00 | |
| | | 1020SC | M&M SANITARY LLC | | 105.00 |
| 6/5/19 | 33351 | 2020SC | Invoice: 200497 | 499.00 | |
| | | 1020SC | MSDSOONLINE, INC | | 499.00 |
| 6/5/19 | 33352 | 2020SC | Invoice: 8476339 | 1,397.32 | |
| | | 1020SC | OVIVO USA, LLC | | 1,397.32 |
| 6/5/19 | 33353 | 2020SC | Invoice: EXP RIMB 4.7-5.19.19 | 562.44 | |
| | | 2020SC | Invoice: EXP REIM 5.20-6.1.19 | 142.10 | |
| | | 1020SC | PATE, THOMAS | | 704.54 |
| 6/5/19 | 33354 | 2020SC | Invoice: 0205723 | 19.95 | |
| | | 2020SC | Invoice: 0205686 | 19.95 | |
| | | 1020SC | PETRILLO'S TIRE AND AUTO SERVICE | | 39.90 |
| 6/5/19 | 33355 | 2020SC | Invoice: BOOT ALLOWANCE 2019 | 200.00 | |
| | | 1020SC | RABIDOUX, ALEXANDER | | 200.00 |
| 6/5/19 | 33356 | 2020SC | Invoice: 175277 | 75.00 | |
| | | 1020SC | RAMOS ENVIRONMENTAL SERVICES | | 75.00 |
| 6/5/19 | 33357 | 2020SC | Invoice: 01068253 | 44.20 | |
| | | 1020SC | RECOLOGY HAY ROAD | | 44.20 |
| 6/5/19 | 33358 | 2020SC | Invoice: WCP-58 | 2,706.00 | |
| | | 1020SC | RICHARD HEATH & ASSOCIATES, INC. | | 2,706.00 |
| 6/5/19 | 33359 | 2020SC | Invoice: 1365 | 2,250.00 | |
| | | 1020SC | ROCK STEADY JUGGLING | | 2,250.00 |
| 6/5/19 | 33360 | 2020SC | Invoice: 48564 | 7,017.65 | |
| | | 2020SC | Invoice: 48587 | 284.37 | |
| | | 1020SC | SACPOWER | | 7,302.02 |
| 6/5/19 | 33361 | 2020SC | Invoice: EXP REIM 5.6.19 | 42.34 | |
| | | 1020SC | SHERRY GAMBOA | | 42.34 |
| 6/5/19 | 33362 | 2020U | Invoice: 08044-1 | 13,336.71 | |
| | | 2020U | Invoice: 08043-1 | 3,572.44 | |
| | | 2020U | Invoice: 08042 | 7,956.02 | |
| | | 2020U | Invoice: 08048-1 | 6,438.62 | |
| | | 2020U | Invoice: 08047-1 | 5,406.49 | |
| | | 2020U | Invoice: 08046-1 | 24,809.29 | |
| | | 1020SC | SOLANO COUNTY PUBLIC WORKS DIVISION | | 61,519.57 |

SOLANO COUNTY WATER AGENCY

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| Date | Check # | Account ID | Line Description | Debit Amount | Credit Amount |
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| 6/5/19 | 33363 | 2020SC 1020SC | Invoice: 1360 SOLANO RESOURCE CONSERVATION DISTRICT | 1,647.65 | 1,647.65 |
| 6/5/19 | 33364 | 2020SC 1020SC | Invoice: 129244 STERLING MAY EQUIPMENT CO. | 2,209.67 | 2,209.67 |
| 6/5/19 | 33365 | 2020SC 1020SC | Invoice: LPCCC PROP 1-2019-01 STREAMWISE | 14,930.38 | 14,930.38 |
| 6/5/19 | 33366 | 2020SC 2020SC 1020SC | Invoice: 18 Invoice: 19 THINKING GREEN CONSULTANTS | 88.50 1,815.18 | 1,903.68 |
| 6/5/19 | 33367 | 2020SC 1020SC | Invoice: 5 TRPA FISH BIOLOGISTS | 3,803.69 | 3,803.69 |
| 6/5/19 | 33368 | 2020SC 1020SC | Invoice: MAGIE FERRER MAGIE FERRER | 1,000.00 | 1,000.00 |
| 6/5/19 | 33369 | 2020SC 1020SC | Invoice: CRAIG SNIDER CRAIG SNIDER | 1,000.00 | 1,000.00 |
| 6/5/19 | 33370 | 2020SC 1020SC | Invoice: 18116 VACA VALLEY TRUCK INC | 1,351.55 | 1,351.55 |
| 6/5/19 | 33371 | 2020SC 1020SC | Invoice: 2038165 WEST YOST & ASSOCIATES | 5,259.46 | 5,259.46 |
| 6/5/19 | 33372 | 2020SC 1020SC | Invoice: 609 WINTERS TOW SERVICE | 225.00 | 225.00 |
| 6/5/19 | 33373 | 2020SC 1020SC | Invoice: 126488 WOOD RODGERS, INC. | 16,928.50 | 16,928.50 |
| 6/5/19 | 33374 | 2020SC 1020SC | Invoice: 110 AVRY DOTAN DBA AD CONSULTANTS | 20,800.00 | 20,800.00 |
| 6/5/19 | 33375 | 2020N 1020SC | Invoice: JUNE 2019 CLEAN TECH ADVOCATES | 8,600.00 | 8,600.00 |
| 6/5/19 | 33376 | 2020SC 1020SC | Invoice: 5 LAKE COUNTY RESOURCE CONSERVATION DISTR | 1,206.07 | 1,206.07 |
| 6/5/19 | 33377 | 2020SC 1020SC | Invoice: KEVIN DORNBUSH KEVIN DORNBUSH | 753.00 | 753.00 |
| 6/10/19 | 33378 | 2020SC 1020SC | Invoice: 0614895 ACWA JOINT POWERS INSURANCE AUTHORITY | 1,764.66 | 1,764.66 |
| 6/10/19 | 33379 | 2020SC 1020SC | Invoice: 2652 AG INNOVATIONS | 6,130.14 | 6,130.14 |
| 6/10/19 | 33380 | 2020SC 1020SC | Invoice: 3045173 AMERICAN TOWER CORPORATION | 601.39 | 601.39 |
| 6/10/19 | 33381 | 2020SC 1020SC | Invoice: INV364892 CPS HR CONSULTING | 2,300.00 | 2,300.00 |
| 6/10/19 | 33382 | 2020SC 1020SC | Invoice: 19-138-U DEPARTMENT OF WATER RESOURCES | 2,075.43 | 2,075.43 |
| 6/10/19 | 33383 | 2020SC 1020SC | Invoice: 121632 GHD, INC. | 2,752.50 | 2,752.50 |
| 6/10/19 | 33384 | 2020SC 1020SC | Invoice: OP-59787-19 HEDGEROW FARMS, INC. | 648.03 | 648.03 |

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| Date | Check # | Account ID | Line Description | Debit Amount | Credit Amount |
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| 6/10/19 | 33385 | 2020SC 1020SC | Invoice: EXP REIM 5.18-6.1.19 KAO GER HER | 47.56 | 47.56 |
| 6/10/19 | 33386 | 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020N 1020SC | Invoice: 3564876 Invoice: 3023438 Invoice: 1023606 Invoice: 1023610 Invoice: 6024301 Invoice: 6017793 Invoice: 4024545 Invoice: 0024974 Invoice: 3011124 Invoice: 1583437 Invoice: 9562958 HOME DEPOT CREDIT SERVICE | 103.86 324.94 303.81 21.60 100.50 193.10 110.49 46.81 435.51 152.36 38.53 | 1,831.51 |
| 6/10/19 | 33386V | 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020N 1020SC | Invoice: 3564876 Invoice: 3023438 Invoice: 1023606 Invoice: 1023610 Invoice: 6024301 Invoice: 6017793 Invoice: 4024545 Invoice: 0024974 Invoice: 3011124 Invoice: 1583437 Invoice: 9562958 HOME DEPOT CREDIT SERVICE | 103.86 324.94 303.81 21.60 100.50 193.10 110.49 46.81 435.51 152.36 38.53 1,831.51 | |
| 6/10/19 | 33387 | 2020SC 1020SC | Invoice: 0111358 DARYL SISCO | 60.00 | 60.00 |
| 6/10/19 | 33388 | 2020SC 1020SC | Invoice: 165848 LSA ASSOCIATES, INC. | 54,117.77 | 54,117.77 |
| 6/10/19 | 33389 | 2020SC 1020SC | Invoice: 34971 LUHDORFF & SCALMANINI | 39,785.55 | 39,785.55 |
| 6/10/19 | 33390 | 2020SC 1020SC | Invoice: 3802 MORGAN FENCE COMPANY, INC. | 3,350.00 | 3,350.00 |
| 6/10/19 | 33391 | 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 1020SC | Invoice: 034491 Invoice: 275344 Invoice: 275343 Invoice: 275479 Invoice: 035639 Invoice: 035644 Invoice: 035836 Invoice: 275847 Invoice: 275869 Invoice: 276005 Invoice: 276431 Invoice: 276749 Invoice: 276920 Invoice: 037863 Invoice: 037971 PACIFIC ACE HARDWARE | 151.36 71.81 110.37 5.35 36.23 64.84 22.43 23.58 37.53 0.68 8.67 32.50 52.56 67.20 78.90 | 764.01 |
| 6/10/19 | 33392 | 2020N 1020SC | Invoice: 811155 PBM SUPPLY AND MFG. INC | 17,332.28 | 17,332.28 |
| 6/10/19 | 33393 | 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 1020SC | Invoice: 832831 Invoice: 833479 Invoice: 833665 Invoice: 833664 Invoice: 833587 Invoice: 834465 Invoice: 834715 Invoice: 834998 Invoice: 836105 PISANIS AUTO PARTS | 91.29 19.83 7.49 171.30 35.26 17.87 111.64 3.74 132.10 | 590.52 |
| 6/10/19 | 33394 | 2020U | Invoice: 6240 | 2,103.00 | |

SOLANO COUNTY WATER AGENCY
Cash Disbursements Journal
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| Date | Check # | Account ID | Line Description | Debit Amount | Credit Amount |
|---------|---------|--|---|---|---------------|
| | | 1020SC | RESOURCE MANAGEMENT ASSOCIATES | | 2,103.00 |
| 6/10/19 | 33395 | 2020SC 1020SC | Invoice: 9394 SANTA ANA WATERSHED PROJECT AUTHORITY | 1,744.92 | 1,744.92 |
| 6/10/19 | 33396 | 2020SC 1020SC | Invoice: 0631190229 SHANDAM CONSULTING | 600.00 | 600.00 |
| 6/10/19 | 33397 | 2020U 1020SC | Invoice: MAY 2019 SOLANO COUNTY FLEET MANAGEMENT | 769.49 | 769.49 |
| 6/10/19 | 33398 | 2020SC 1020SC | Invoice: 734470 SYAR INDUSTRIES, INC | 3,723.77 | 3,723.77 |
| 6/10/19 | 33399 | 2020SC 1020SC | Invoice: 201906-13533 TERRA REALTY ADVISORS, INC. | 3,428.33 | 3,428.33 |
| 6/10/19 | 33400 | 2020SC 1020SC | Invoice: 12176505 THE TREMONT GROUP, INC. | 344.20 | 344.20 |
| 6/10/19 | 33401 | 2020SC 1020SC | Invoice: 9830979514 VERIZON WIRELESS | 2,136.81 | 2,136.81 |
| 6/10/19 | 33402 | 2020SC 1020SC | Invoice: 326 JOHN B WHITCOMB | 7,143.75 | 7,143.75 |
| 6/10/19 | 33403 | 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020SC 2020N 2020N 1020SC | Invoice: 3564876 Invoice: 3023438 Invoice: 1023606 Invoice: 1023610 Invoice: 6024301 Invoice: 6017793 Invoice: 4024545 Invoice: 0024974 Invoice: 3011124 Invoice: 1583437 Invoice: 1020836 Invoice: 9562958 HOME DEPOT CREDIT SERVICE | 103.86 324.94 303.81 21.60 100.50 193.10 110.49 46.81 435.51 152.36 506.43 38.53 | 2,337.94 |
| 6/12/19 | 33404 | 2020SC 1020SC | Invoice: 314098-9 ALPHA MEDIA FAR EAST BAY | 2,500.00 | 2,500.00 |
| 6/12/19 | 33405 | 2020SC 1020SC | Invoice: 4790 EYASCO, INC. | 17,901.05 | 17,901.05 |
| 6/12/19 | 33406 | 2020SC 1020SC | Invoice: 2019-6-SCWA SUSTAINABLE SOLANO | 16,168.17 | 16,168.17 |
| 6/12/19 | 33407 | 2020SC 1020SC | Invoice: 20961-37 THE REGENTS OF THE UNIVERSITY OF CA | 10,522.25 | 10,522.25 |
| 6/12/19 | 33408 | 2020SC 1020SC | Invoice: 787512 YELLOW SPRINGS INSTRUMENT CO. | 894.91 | 894.91 |
| 6/17/19 | 33409 | 2020SC 1020SC | Invoice: 2707 AG INNOVATIONS | 6,846.16 | 6,846.16 |
| 6/17/19 | 33410 | 2020SC 1020SC | Invoice: 000013190091 CALNET3 | 164.69 | 164.69 |
| 6/17/19 | 33411 | 2020N 1020SC | Invoice: 18-1010-11 CBEC | 3,952.50 | 3,952.50 |
| 6/17/19 | 33412 | 2020SC 1020SC | Invoice: 5014007131 CINTAS CORPORATION | 126.25 | 126.25 |
| 6/17/19 | 33413 | 2020SC | Invoice: 1334087 | 36.00 | |

SOLANO COUNTY WATER AGENCY Cash Disbursements Journal

For the Period From Jun 1, 2019 to Jun 30, 2019

Filter Criteria includes: Report order is by Check Number. Report is printed in Detail Format.

| Date | Check # | Account ID | Line Description | Debit Amount | Credit Amount |
|---------|---------|------------|-------------------------------------|--------------|---------------|
| | | 1020SC | COUNTY OF YOLO | | 36.00 |
| 6/17/19 | 33414 | 2020SC | Invoice: 4NG5443 REG | 10.00 | |
| | | 1020SC | DMV | | 10.00 |
| 6/17/19 | 33415 | 2020SC | Invoice: CL24985 | 1,687.99 | |
| | | 1020SC | INTERSTATE OIL COMPANY | | 1,687.99 |
| 6/17/19 | 33416 | 2020SC | Invoice: 4872 | 45.00 | |
| | | 1020SC | LANDSCAPE RESTORATION, INC. | | 45.00 |
| 6/17/19 | 33417 | 2020SC | Invoice: IRWM WESTSIDE #9-10 | 183,707.74 | |
| | | 1020SC | NAPA COUNTY FC&WCD | | 183,707.74 |
| 6/17/19 | 33418 | 2020SC | Invoice: 44376010 | 253.75 | |
| | | 1020SC | RECOLOGY VACAVILLE SOLANO | | 253.75 |
| 6/17/19 | 33419 | 2020SC | Invoice: 9697 | 3,422.55 | |
| | | 1020SC | REGIONAL GOVERNMENT SERVICES | | 3,422.55 |
| 6/17/19 | 33420 | 2020SC | Invoice: 202137 | 427.70 | |
| | | 1020SC | SHELDON | | 427.70 |
| 6/17/19 | 33421 | 2020SC | Invoice: 0007846 | 174,856.40 | |
| | | 2020SC | Invoice: 0007845 | 80,475.12 | |
| | | 2020SC | Invoice: 0007851 | 14,060.81 | |
| | | 2020SC | Invoice: 0007852 | 148.66 | |
| | | 1020SC | SOLANO IRRIGATION DISTRICT | | 269,540.99 |
| 6/17/19 | 33422 | 2020U | Invoice: 08051 | 5,815.27 | |
| | | 2020U | Invoice: 08050 | 23,323.05 | |
| | | 2020U | Invoice: 08052 | 16,375.84 | |
| | | 1020SC | SOLANO COUNTY PUBLIC WORKS DIVISION | | 45,514.16 |
| 6/17/19 | 33423 | 2020SC | Invoice: 734671 | 2,214.61 | |
| | | 1020SC | SYAR INDUSTRIES, INC | | 2,214.61 |
| 6/17/19 | 33424 | 2020SC | Invoice: MAR-MAY 2019 | 16,634.96 | |
| | | 1020SC | CRAIG D. THOMSEN | | 16,634.96 |
| 6/17/19 | 33425 | 2020SC | Invoice: PATRICK HARRINGTON | 1,000.00 | |
| | | 1020SC | PATRICK HARRINGTON | | 1,000.00 |
| 6/17/19 | 33426 | 2020SC | Invoice: MARY BROWN | 1,000.00 | |
| | | 1020SC | MARY BROWN | | 1,000.00 |
| 6/17/19 | 33427 | 2020SC | Invoice: JOSE ORTIZ | 606.00 | |
| | | 1020SC | JOSE ORTIZ | | 606.00 |
| 6/17/19 | 33428 | 2020SC | Invoice: FREDERICK ROBERTS | 915.00 | |
| | | 1020SC | FREDERICK ROBERTS | | 915.00 |
| 6/17/19 | 33429 | 2020SC | Invoice: 1160 | 3,500.00 | |
| | | 1020SC | WILSON PUBLIC AFFAIRS | | 3,500.00 |
| 6/17/19 | 33430 | 2020SC | Invoice: 22 | 17,882.26 | |
| | | 1020SC | YOLO COUNTY RCD | | 17,882.26 |
| 6/25/19 | 33431 | 2020SC | Invoice: 218037 | 72.00 | |
| | | 1020SC | A & L WESTERN AGRICULTURAL LABS | | 72.00 |
| 6/25/19 | 33432 | 2020SC | Invoice: 111 | 16,000.00 | |
| | | 1020SC | AVRY DOTAN DBA AD CONSULTANTS | | 16,000.00 |
| 6/25/19 | 33433 | 2020SC | Invoice: 15006 | 408.97 | |
| | | 1020SC | ASHBY COMMUNICATIONS, INC | | 408.97 |

SOLANO COUNTY WATER AGENCY
Cash Disbursements Journal
For the Period From Jun 1, 2019 to Jun 30, 2019

Filter Criteria includes: Report order is by Check Number. Report is printed in Detail Format.

| Date | Check # | Account ID | Line Description | Debit Amount | Credit Amount |
|---------|---------|--------------------------------------|--|---------------------------------|---------------|
| | | | INC. | | |
| 6/25/19 | 33434 | 2020SC 1020SC | Invoice: A915860 BSK ASSOCIATES | 1,236.00 | 1,236.00 |
| 6/25/19 | 33435 | 2020SC 1020SC | Invoice: 000013190046 CALNET3 | 255.18 | 255.18 |
| 6/25/19 | 33436 | 2020SC 1020SC | Invoice: 4933426-0001 CRESCO EQUIPMENT RENTAL | 270.94 | 270.94 |
| 6/25/19 | 33437 | 2020SC 1020SC | Invoice: 19-284-V MAY 2019 DEPARTMENT OF WATER RESOURCES | 29,400.00 | 29,400.00 |
| 6/25/19 | 33438 | 2020SC 1020SC | Invoice: 19-3700154 DEPT. OF INFORMATION TECHNOLOGY | 14,430.17 | 14,430.17 |
| 6/25/19 | 33439 | 2020SC 1020SC | Invoice: 22645-04 THE FRESHWATER TRUST | 10,507.50 | 10,507.50 |
| 6/25/19 | 33440 | 2020SC 1020SC | Invoice: 182917 FRONTIER ENERGY | 3,319.50 | 3,319.50 |
| 6/25/19 | 33441 | 2020SC 1020SC | Invoice: 11513317 HACH COMPANY | 262.65 | 262.65 |
| 6/25/19 | 33442 | 2020SC 2020SC 2020SC 1020SC | Invoice: 93034 Invoice: 93032 Invoice: 92772 HERUM \ CRABTREE \ SUNTAG | 12,152.28 2,109.36 476.34 | 14,737.98 |
| 6/25/19 | 33443 | 2020SC 2020SC 2020SC 1020SC | Invoice: 1X188077 Invoice: 1X188195 Invoice: 1Z191188 HORIZON DISTRIBUTORS, INC. | 14.10 198.84 486.44 | 699.38 |
| 6/25/19 | 33444 | 2020SC 2020SC 1020SC | Invoice: 72860 Invoice: 72861 INTEGRATED ENVIRONMENTAL RESTORATION | 20,679.25 833.75 | 21,513.00 |
| 6/25/19 | 33445 | 2020SC 1020SC | Invoice: 6310055559 LES SCHWAB TIRE CENTER | 449.79 | 449.79 |
| 6/25/19 | 33446 | 2020SC 1020SC | Invoice: 1605438 MT. DIABLO RESOURCE RECOVERY | 253.00 | 253.00 |
| 6/25/19 | 33447 | 2020SC 1020SC | Invoice: 5/13/19-6/11/19 PACIFIC GAS & ELECTRIC CO, | 1,471.77 | 1,471.77 |
| 6/25/19 | 33448 | 2020SC 1020SC | Invoice: 5922 PAT DAVIS DESIGN GROUP, INC | 4,750.00 | 4,750.00 |
| 6/25/19 | 33449 | 2020SC 1020SC | Invoice: WCP-61 RICHARD HEATH & ASSOCIATES, INC. | 2,585.00 | 2,585.00 |
| 6/25/19 | 33450 | 2020SC 1020SC | Invoice: 1371 ROCK STEADY JUGGLING | 1,000.00 | 1,000.00 |
| 6/25/19 | 33451 | 2020SC 2020SC 1020SC | Invoice: 002144 Invoice: 006677 SAM'S CLUB | 292.35 80.28 | 372.63 |
| 6/25/19 | 33452 | 2020SC 1020SC | Invoice: 35245 SOUTHWEST ENVIRONMENTAL | 49,894.00 | 49,894.00 |

SOLANO COUNTY WATER AGENCY
Cash Disbursements Journal
For the Period From Jun 1, 2019 to Jun 30, 2019

Filter Criteria includes: Report order is by Check Number. Report is printed in Detail Format.

| Date | Check # | Account ID | Line Description | Debit Amount | Credit Amount |
|---------|------------------|------------|-------------------------------------|--------------|---------------|
| 6/25/19 | 33453 | 2020SC | Invoice: 006492990046JUL 2019 | 1,873.23 | |
| | | 1020SC | STANDARD INSURANCE COMPANY | | 1,873.23 |
| 6/25/19 | 33454 | 2020SC | Invoice: 2293700771 | 60.52 | |
| | | 2020SC | Invoice: 2293723311 | 22.70 | |
| | | 2020SC | Invoice: 2295327431 | 79.22 | |
| | | 2020SC | Invoice: 2297105931 | 37.46 | |
| | | 2020SC | Invoice: 2297105431 | 10.19 | |
| | | 2020SC | Invoice: 2298390291 | 27.02 | |
| | | 2020SC | Invoice: 2298238901 | 75.23 | |
| | | 2020SC | Invoice: 2298284651 | 21.61 | |
| | | 2020SC | Invoice: 2302212061 | 25.07 | |
| | | 2020SC | Invoice: 2302613201 | 103.85 | |
| | | 2020SC | Invoice: 2303817471 | 78.49 | |
| | | 2020SC | Invoice: 2303826301 | 116.75 | |
| | | 2020SC | Invoice: 2304136351 | | 16.31 |
| | | 2020SC | Invoice: 2304766661 | 15.99 | |
| | | 2020SC | Invoice: 2306775951 | 175.15 | |
| | | 2020SC | Invoice: 2306775281 | 31.98 | |
| | | 1020SC | STAPLES | | 864.92 |
| 6/25/19 | 33455 | 2020SC | Invoice: 59899 | 166.24 | |
| | | 2020SC | Invoice: 59941 | 44.59 | |
| | | 2020SC | Invoice: 60067 | 32.85 | |
| | | 2020SC | Invoice: 60099 | 51.81 | |
| | | 1020SC | SUISUN VALLEY FRUIT GROWERS AS | | 295.49 |
| 6/25/19 | 33456 | 2020SC | Invoice: 22120 | 187.78 | |
| | | 1020SC | SUMMERS ENGINEERING, INC. | | 187.78 |
| 6/25/19 | 33457 | 2020SC | Invoice: 20902-50 | 26,718.96 | |
| | | 2020SC | Invoice: 20902-51 | 576.18 | |
| | | 2020SC | Invoice: 20902-52 | 35,036.53 | |
| | | 1020SC | THE REGENTS OF THE UNIVERSITY OF CA | | 62,331.67 |
| 6/25/19 | 33458 | 2020SC | Invoice: CORNELIA GIBSON | 1,000.00 | |
| | | 1020SC | CORNELIA GIBSON | | 1,000.00 |
| 6/25/19 | 33459 | 2020SC | Invoice: KEVIN JUNG | 1,000.00 | |
| | | 1020SC | KEVIN JUNG | | 1,000.00 |
| 6/25/19 | 33460 | 2020SC | Invoice: 13637 | 595.00 | |
| | | 1020SC | WINTERS BROADBAND | | 595.00 |
| 6/25/19 | ASHLEY MAY 2019 | 2020N | Invoice: ASHLEY MAY 2019 | 371.88 | |
| | | 1020SC | UMPQUA BANK | | 371.88 |
| 6/25/19 | BARICH MAY 2019 | 2020SC | Invoice: BARICH MAY 2019 | 748.26 | |
| | | 1020SC | UMPQUA BANK | | 748.26 |
| 6/25/19 | COLIAS MAY 2019 | 2020SC | Invoice: COLIAS APR 2019 | | 100.72 |
| | | 2020SC | Invoice: COLIAS MAY 2019 | 441.75 | |
| | | 1020SC | UMPQUA BANK | | 341.03 |
| 6/25/19 | CRUZ MAY 2019 | 2020SC | Invoice: CRUZ MAY 2019 | 811.80 | |
| | | 1020SC | UMPQUA BANK | | 811.80 |
| 6/25/19 | CUETARA MAY 2019 | 2020SC | Invoice: CUETARA MAY 2019 | 814.40 | |
| | | 1020SC | UMPQUA BANK | | 814.40 |
| 6/3/19 | EFT | 2020SC | Invoice: HEALTH JUN 2019 | 23,445.72 | |
| | | 1020SC | CALPERS | | 23,445.72 |
| 6/7/19 | EFT | 2020SC | Invoice: 2019060501 | 264.80 | |
| | | 1020SC | PAYCHEX, INC. | | 264.80 |
| 6/7/19 | EFT | 2024AC | EMPLOYEE LIABILITIES PPE 06.01.19 | 18,893.48 | |
| | | 6012AC | EMPLOYER LIABILITIES PPE 06.01.19 | 3,504.79 | |

SOLANO COUNTY WATER AGENCY
Cash Disbursements Journal
For the Period From Jun 1, 2019 to Jun 30, 2019

Filter Criteria includes: Report order is by Check Number. Report is printed in Detail Format.

| Date | Check # | Account ID | Line Description | Debit Amount | Credit Amount |
|---------|---------------------|----------------------------|---|-----------------------|---------------|
| | | 1020SC | PAYROLL TAXES | | 22,398.27 |
| 6/10/19 | EFT | 2020SC 1020SC | Invoice: SIP PPE 06.01.19 CALPERS | 5,055.31 | 5,055.31 |
| 6/10/19 | EFT | 2020SC 1020SC | Invoice: PEPPA PPE 06.01.19 CALPERS | 2,912.33 | 2,912.33 |
| 6/10/19 | EFT | 2020SC 1020SC | Invoice: PPE 06.01.19 CALPERS | 9,105.96 | 9,105.96 |
| 6/12/19 | EFT | 2020SC 1020SC | Invoice: 59720129 WEX BANK | 1,960.53 | 1,960.53 |
| 6/14/19 | EFT | 6111AC 6111AC 1020SC | FSA PARTICIPANT FEE JUN 2019 STRATUSTIME ADMINISTRATION JUN 2019 PAYCHEX, INC. | 130.00 382.12 | 512.12 |
| 6/21/19 | EFT | 2020SC 1020SC | Invoice: 2019061801 PAYCHEX, INC. | 285.30 | 285.30 |
| 6/21/19 | EFT | 2020SC 1020SC | Invoice: 2019061802 PAYCHEX, INC. | 120.05 | 120.05 |
| 6/26/19 | EFT | 2020SC 1020SC | Invoice: PPE 06.15.19 CALPERS | 9,105.96 | 9,105.96 |
| 6/26/19 | EFT | 2020SC 1020SC | Invoice: PEPPA PPE 06.15.19 CALPERS | 2,913.61 | 2,913.61 |
| 6/21/19 | EFT | 6012AC 2024AC 1020SC | EMPLOYER LIABILITIES PPE 06.15.19 EMPLOYEE LIABILITIES PPE 06.15.19 PAYROLL TAXES | 3,723.60 18,786.26 | 22,509.86 |
| 6/25/19 | FEHRENKAMP MAY 2019 | 2020SC 1020SC | Invoice: FEHRENKAMP MAY 2019 UMPQUA BANK | 1,175.48 | 1,175.48 |
| 6/25/19 | FLORENDO MAY 2019 | 2020SC 1020SC | Invoice: FLORENDO MAY 2019 UMPQUA BANK | 717.73 | 717.73 |
| 6/25/19 | FOWLER MAY 2019 | 2020SC 1020SC | Invoice: FOWLER MAY 2019 UMPQUA BANK | 228.98 | 228.98 |
| 6/25/19 | HERR MAY 2019 | 2020SC 1020SC | Invoice: HERR MAY 2019 UMPQUA BANK | 396.89 | 396.89 |
| 6/25/19 | HYER MAY 2019 | 2020SC 1020SC | Invoice: HYER MAY 2019 UMPQUA BANK | 1,318.70 | 1,318.70 |
| 6/25/19 | JONES MAY 2019 | 2020SC 1020SC | Invoice: JONES MAY 2019 UMPQUA BANK | 207.28 | 207.28 |
| 6/25/19 | LEE MAY 2019 | 2020SC 1020SC | Invoice: LEE MAY 2019 UMPQUA BANK | 1,505.80 | 1,505.80 |
| 6/25/19 | MAROVICH MAY 2019 | 2020SC 1020SC | Invoice: MAROVICH MAY 2019 UMPQUA BANK | 421.07 | 421.07 |
| 6/25/19 | NGUYEN MAY 2019 | 2020SC 1020SC | Invoice: NGUYEN MAY 2019 UMPQUA BANK | 1,007.60 | 1,007.60 |
| 6/25/19 | PASCUAL MAY 2019 | 2020SC 1020SC | Invoice: PASCUAL MAY 2019 UMPQUA BANK | 1,124.61 | 1,124.61 |
| 6/25/19 | PATE MAY 2019 | 2020SC 1020SC | Invoice: PATE MAY 2019 UMPQUA BANK | 415.51 | 415.51 |
| 6/25/19 | RABIDOUX MAY 2019 | 2020SC | Invoice: RABIDOUX MAY 2019 | 149.60 | |

**SOLANO COUNTY WATER AGENCY
Cash Disbursements Journal**

For the Period From Jun 1, 2019 to Jun 30, 2019

Filter Criteria includes: Report order is by Check Number. Report is printed in Detail Format.

| Date | Check # | Account ID | Line Description | Debit Amount | Credit Amount |
|---------|----------------------|------------|----------------------------------|---------------------|---------------------|
| | | 1020SC | UMPQUA BANK | | 149.60 |
| 6/25/19 | SANFORD MAY 2019 | 2020SC | Invoice: SANFORD MAY 2019 | 1,731.34 | |
| | | 1020SC | UMPQUA BANK | | 1,731.34 |
| 6/25/19 | SNYDER MAY 2019 | 2020SC | Invoice: SNYDER MAY 2019 | 587.06 | |
| | | 1020SC | UMPQUA BANK | | 587.06 |
| 6/25/19 | WILLINGMYRE MAY 2019 | 2020SC | Invoice: WILLINGMYRE MAY 2019 | 1,000.00 | |
| | | 1020SC | UMPQUA BANK | | 1,000.00 |
| Total | | | | <u>1,303,126.32</u> | <u>1,303,126.32</u> |

**ACTION OF
SOLANO COUNTY WATER AGENCY**

DATE: July 11, 2019

SUBJECT: Financial Report Approval

RECOMMENDATION:

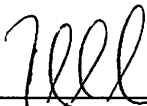
Approve the quarterly Income Statement and Balance Sheet for the period ending June 2019.

FINANCIAL IMPACT:

All revenues and expenditures are reported within previously approved budget amounts.

BACKGROUND:

The Water Agency auditor has recommended that the Board of Directors receive quarterly financial reports. Attached are the Income Statement and the Balance Sheet of the Water Agency for the period ending June 30, 2019. Additional backup information is available upon request.

Recommended: 
Roland Sanford, General Manager

☐

Approved as
recommended

☐

Other
(see below)

☐

Continued
on next page

Modification to Recommendation and/or other actions:

I, Roland Sanford, General Manager and Secretary to the Solano County Water Agency, do hereby certify that the foregoing action was regularly introduced, passed, and adopted by said Board of Directors at a regular meeting thereof held on July 11, 2019 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Roland Sanford
General Manager & Secretary to the
Solano County Water Agency

SOLANO COUNTY WATER AGENCY

Balance Sheet

June 30, 2019

| ASSETS | | | ADMIN/SP/W | SWP(N) | U | GV |
|-----------------------------|--------------------------------|------------------|------------------|------------------|-----------------|---------------|
| Current Assets | | | | | | |
| 1000SC | PERSHING | \$ 9,986.18 | \$ 9,986.18 | | | |
| 1010WC | MONEY MGMT - WATERMASTER | 9,809.77 | 9,809.77 | | | |
| 1020G | CHECKING | 3,380,830.67 | (7,175,655.23) | 9,438,178.01 | 1,031,778.77 | 86,529.12 |
| 1030N | LAIF - | 7,904,808.65 | 4,195,137.29 | 2,553,860.57 | 1,125,406.78 | 30,404.01 |
| 1040N | CAMP - SWP | 32,616,919.02 | 20,792,739.70 | 8,140,156.48 | 3,587,113.32 | 96,909.52 |
| 1050N | CERTIFICATES OF DEPOSIT - SWP | 4,894,070.89 | 2,409,241.68 | 1,710,639.13 | 753,825.02 | 20,365.06 |
| 1060SC | PETTY CASH | 125.14 | 125.14 | | | |
| 1210N | ACCOUNTS RECEIVABLE-SWP | 922,787.86 | 901,401.25 | 21,386.61 | | |
| 1211SC | INTEREST RECEIVABLE-SP | 0.00 | 0.00 | | | |
| 1225AC | RETENTION RECEIVABLE | 139,085.97 | 139,085.97 | | | |
| 1400AC | PREPAID | 46,106.29 | 46,106.29 | | | |
| 1415AC | INVENTORY-WATER CONSERVATION S | 52,726.15 | 52,726.15 | | | |
| Total Current Assets | | \$ 49,977,256.59 | \$ 21,380,704.19 | \$ 21,864,220.80 | \$ 6,498,123.89 | \$ 234,207.71 |
| Other Assets | | | | | | |
| 1300SC | NOTE RECEIVABLE | 0.00 | | | | |
| Total Other Assets | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Assets | | \$ 49,977,256.59 | \$ 21,380,704.19 | \$ 21,864,220.80 | \$ 6,498,123.89 | \$ 234,207.71 |
| | | | | | | |
| LIABILITIES AND CAPITAL | | | ADMIN/SP/W | SWP(N) | U | GV |
| Current Liabilities | | | | | | |
| 2010N | UNEARNED INCOME-SWP | 466,721.73 | 36,221.73 | 430,500.00 | | |
| 2020N | ACCOUNTS PAYABLE-SWP | 401,422.66 | 224,548.92 | 173,711.02 | 575.15 | 2,587.57 |
| 2023AC | EMPLOYEE BENEFITS PAYABLE | 7,402.34 | 7,402.34 | | | |
| 2025SC | SALES TAX PAYABLE | 908.07 | 908.07 | | | |
| 2027AC | ACCOUNTS PAYABLE-GARNISHMENT | 0.00 | 0.00 | | | |
| 2110SC | WESTSIDE IRWMP PREFUNDED ADMIN | 58,981.87 | 58,981.87 | | | |
| Total Current Liabilities | | \$ 935,436.67 | \$ 328,062.93 | \$ 604,211.02 | \$ 575.15 | \$ 2,587.57 |
| Long-Term Liabilities | | | | | | |
| 2310G | SOLANO PROJECT LOAN | 0.00 | | | | |
| 2330SC | DEFERRED OUTFLOW OF CASH | 193,882.67 | 193,882.67 | | | |
| Total Long-Term Liabilities | | \$ 193,882.67 | \$ 193,882.67 | \$ - | \$ - | \$ - |
| Total Liabilities | | 1,129,319.34 | 521,945.60 | 604,211.02 | 575.15 | 2,587.57 |
| | | | | | | |
| Capital | | | | | | |
| 3150SC | OTHER FLD CTRL CAPITAL PROJ. | 608,178.12 | 608,178.12 | | | |
| 3155SC | OTHER CAPITAL PROJ/EMERG RESER | 2,000,000.00 | 2,000,000.00 | | | |
| 3200G | GV OPERATING RESERVE | 67,100.00 | | | | 67,100.00 |
| 3200N | SWP OPERATING RESERVE | 7,318,090.00 | | 7,318,090.00 | | |
| 3200SC | DESIGNATED REHAB & BETTERMENT | 2,000,000.00 | 2,000,000.00 | | | |
| 3200U | ULATIS OPERATING RESERVE | 501,752.50 | | | 501,752.50 | |
| 3250G | GV CAPITAL RESERVE | 164,520.57 | | | | 164,520.57 |
| 3250N | DESIGNATED SWP FACILITIES RESE | 9,596,332.83 | | 9,596,332.83 | | |
| 3250SC | SP FUTURE REPLACEMENT CAPITAL | 7,895,024.31 | 7,895,024.31 | | | |
| 3250U | ULATIS FCP OPERATING RESERVE | 5,842,096.41 | | | 5,842,096.41 | |
| 3350SC | DESIGNATED OPERATING RESERVES | 8,374,913.18 | 8,374,913.18 | | | |
| Net Income | | 4,479,929.33 | (1,159,746.98) | 4,663,601.06 | 962,754.92 | 13,320.33 |
| Total Capital | | 48,847,937.25 | 19,718,368.63 | 21,578,023.89 | 7,306,603.83 | 244,940.90 |

SOLANO COUNTY WATER AGENCY
Balance Sheet
June 30, 2019

| | | |
|-----------------------------|-------------------------|--|
| Total Liabilities & Capital | <u>\$ 49,977,256.59</u> | <u>\$ 20,240,314.23 \$ 22,182,234.91 \$ 7,307,178.98 \$ 247,528.47</u> |
|-----------------------------|-------------------------|--|

SOLANO COUNTY WATER AGENCY
Year to Date Income Statement
Compared with Budget and Last Year
For the Twelve Months Ending June 30, 2019

| | | Current Year Actual | Current Year Budget | Variance Amount | Variance Percent | Last Year Actual | Change from Last Year | Percent Change |
|----------|--------------------------------|------------------------|------------------------|--------------------|---------------------|---------------------|--------------------------|-------------------|
| Revenues | | | | | | | | |
| 4001G | SECURED | \$ 75,202.91 | \$ 78,620.00 | (3,417.09) | (4.35) | \$ 73,257.26 | 1,945.65 | 2.66 |
| 4001N | SECURED | 13,502,344.34 | 14,321,180.00 | (818,835.66) | (5.72) | 13,801,254.30 | (298,909.96) | (2.17) |
| 4001SC | SECURED | 7,796,923.98 | 7,638,440.00 | 158,483.98 | 2.07 | 7,215,072.11 | 581,851.87 | 8.06 |
| 4001U | SECURED | 1,004,888.85 | 979,840.00 | 25,048.85 | 2.56 | 936,837.06 | 68,051.79 | 7.26 |
| 4002G | UNSECURED | 7,325.55 | 4,800.00 | 2,525.55 | 52.62 | 5,824.47 | 1,501.08 | 25.77 |
| 4002N | UNSECURED | 328,711.82 | 344,790.00 | (16,078.18) | (4.66) | 336,356.82 | (7,645.00) | (2.27) |
| 4002SC | UNSECURED | 299,230.26 | 368,150.00 | (68,919.74) | (18.72) | 382,058.64 | (82,828.38) | (21.68) |
| 4002U | UNSECURED | 46,857.85 | 51,000.00 | (4,142.15) | (8.12) | 52,248.29 | (5,390.44) | (10.32) |
| 4004G | CURRENT SUPPLEMENTAL | 2,854.38 | 1,000.00 | 1,854.38 | 185.44 | (7,218.06) | 10,072.44 | (139.54) |
| 4004N | CURRENT SUPPLEMENTAL | 362,522.45 | 254,300.00 | 108,222.45 | 42.56 | 250,167.36 | 112,355.09 | 44.91 |
| 4004SC | CURRENT SUPPLEMENTAL | 271,105.19 | 230,010.00 | 41,095.19 | 17.87 | 180,602.55 | 90,502.64 | 50.11 |
| 4004U | CURRENT SUPPLEMENTAL | 38,950.49 | 26,330.00 | 12,620.49 | 47.93 | 31,693.54 | 7,256.95 | 22.90 |
| 4100N | WATER SALES | 1,525,591.00 | 1,560,101.00 | (34,510.00) | (2.21) | 1,487,100.00 | 38,491.00 | 2.59 |
| 4100SC | WATER SALES | 93,644.00 | 65,000.00 | 28,644.00 | 44.07 | 83,748.00 | 9,896.00 | 11.82 |
| 4102N | COST OF POWER TO PUMP NBA | 0.00 | 50,000.00 | (50,000.00) | (100.00) | 0.00 | 0.00 | 0.00 |
| 4103N | CONVEYANCE SETTLEMENT | 0.00 | 100,000.00 | (100,000.00) | (100.00) | 0.00 | 0.00 | 0.00 |
| 4110N | NAPA MAKE WHOLE | 312,000.00 | 312,000.00 | 0.00 | 0.00 | 312,000.00 | 0.00 | 0.00 |
| 4120N | SWP ADJUSTMENTS | 657,102.71 | 525,000.00 | 132,102.71 | 25.16 | 569,852.79 | 87,249.92 | 15.31 |
| 4122N | PROP 84 INTAKE GRANT | 0.00 | 345,000.00 | (345,000.00) | (100.00) | 0.00 | 0.00 | 0.00 |
| 4123SC | VFPD PDO REIMBURSEMENT | 0.00 | 0.00 | 0.00 | 0.00 | 179,255.58 | (179,255.58) | (100.00) |
| 4150SC | EQUIPMENT DISTRIBUTION REIME | 18,610.00 | 100,000.00 | (81,390.00) | (81.39) | 78,818.00 | (60,208.00) | (76.39) |
| 4150U | EQUIPMENT DISTRIBUTION REIM | 15,100.00 | 0.00 | 15,100.00 | 0.00 | 22,816.00 | (7,716.00) | (33.82) |
| 4402WC | INTEREST - MONEY MGMT | 14.90 | 5.00 | 9.90 | 198.00 | 1.52 | 13.38 | 880.26 |
| 4403SC | INTEREST - CHECKING | 199.91 | 200.00 | (0.09) | (0.05) | 288.91 | (89.00) | (30.81) |
| 4404G | INTEREST - LAIF - GREEN VALLEY | 942.82 | 400.00 | 542.82 | 135.71 | 359.70 | 583.12 | 162.11 |
| 4404N | INTEREST - LAIF - SWP | 62,888.90 | 21,000.00 | 41,888.90 | 199.47 | 30,180.05 | 32,708.85 | 108.38 |
| 4404SC | INTEREST - LAIF - SP | 85,095.18 | 50,000.00 | 35,095.18 | 70.19 | 46,436.34 | 38,658.84 | 83.25 |
| 4404U | INTEREST - LAIF - ULATIS | 26,406.93 | 12,000.00 | 14,406.93 | 120.06 | 13,299.87 | 13,107.06 | 98.55 |
| 4405G | INTEREST - CAMP - GREEN VALLE | 3,172.12 | 1,000.00 | 2,172.12 | 217.21 | 1,226.38 | 1,945.74 | 158.66 |
| 4405N | INTEREST - CAMP - SWP | 210,400.10 | 54,000.00 | 156,400.10 | 289.63 | 102,895.52 | 107,504.58 | 104.48 |
| 4405SC | INTEREST - CAMP - SP | 285,809.24 | 90,000.00 | 195,809.24 | 217.57 | 158,319.62 | 127,489.62 | 80.53 |
| 4405U | INTEREST - CAMP - ULATIS | 88,772.23 | 31,000.00 | 57,772.23 | 186.36 | 45,344.44 | 43,427.79 | 95.77 |

SOLANO COUNTY WATER AGENCY
Year to Date Income Statement
Compared with Budget and Last Year
For the Twelve Months Ending June 30, 2019

| | | Current Year Actual | Current Year Budget | Variance Amount | Variance Percent | Last Year Actual | Change from Last Year | Percent Change |
|--------|------------------------------|------------------------|------------------------|--------------------|---------------------|---------------------|--------------------------|-------------------|
| 4406SC | INTEREST - OTHER | 7,755.30 | 7,755.00 | 0.30 | 0.00 | 11,410.72 | (3,655.42) | (32.03) |
| 4407G | INTEREST INVESTMENT | 482.85 | 325.00 | 157.85 | 48.57 | 283.08 | 199.77 | 70.57 |
| 4407N | INTEREST - INVESTMENTS | 31,420.58 | 25,000.00 | 6,420.58 | 25.68 | 23,751.61 | 7,668.97 | 32.29 |
| 4407SC | INTEREST - INVESTMENTS | 43,182.18 | 26,000.00 | 17,182.18 | 66.09 | 36,545.25 | 6,636.93 | 18.16 |
| 4407U | INTEREST - INVESTMENTS | 13,474.98 | 9,000.00 | 4,474.98 | 49.72 | 10,466.94 | 3,008.04 | 28.74 |
| 4408G | INTEREST - INVESTMENTS | 0.00 | 0.00 | 0.00 | 0.00 | (261.30) | 261.30 | (100.00) |
| 4408N | INTEREST-CHANGE IN MARKET V. | 0.00 | 0.00 | 0.00 | 0.00 | (21,923.47) | 21,923.47 | (100.00) |
| 4408SC | INTEREST-CHANGE IN MARKET V. | 0.00 | 0.00 | 0.00 | 0.00 | (33,732.41) | 33,732.41 | (100.00) |
| 4408U | INTEREST-CHANGE IN MRKET VA. | 0.00 | 0.00 | 0.00 | 0.00 | (9,661.33) | 9,661.33 | (100.00) |
| 4507G | HOMEOWNER RELIEF | 1,287.00 | 1,240.00 | 47.00 | 3.79 | 1,247.00 | 40.00 | 3.21 |
| 4507N | HOMEOWNER RELIEF | 79,903.00 | 80,950.00 | (1,047.00) | (1.29) | 80,608.00 | (705.00) | (0.87) |
| 4507SC | HOMEOWNER RELIEF | 71,977.00 | 70,780.00 | 1,197.00 | 1.69 | 72,639.00 | (662.00) | (0.91) |
| 4507U | HOMEOWNER RELIEF | 8,998.10 | 10,360.00 | (1,361.90) | (13.15) | 10,694.00 | (1,695.90) | (15.86) |
| 4600SC | REDEVELOPMENT - DIX/RV | 61,243.36 | 46,270.00 | 14,973.36 | 32.36 | 53,832.60 | 7,410.76 | 13.77 |
| 4601SC | REDEVELOP - VACAVILLE | 326,394.59 | 632,060.00 | (305,665.41) | (48.36) | 721,000.30 | (394,605.71) | (54.73) |
| 4601U | REDEVELOP - VACAVILLE | 341,211.67 | 395,130.00 | (53,918.33) | (13.65) | 413,135.46 | (71,923.79) | (17.41) |
| 4602G | REDEVELOP - FAIRFIELD | 62,379.10 | 60,360.00 | 2,019.10 | 3.35 | 54,586.55 | 7,792.55 | 14.28 |
| 4602SC | REDEVELOP - FAIRFIELD | 759,679.87 | 598,350.00 | 161,329.87 | 26.96 | 674,216.39 | 85,463.48 | 12.68 |
| 4603SC | REDEVELOP - SUISUN CITY | 254,757.95 | 212,080.00 | 42,677.95 | 20.12 | 229,416.44 | 25,341.51 | 11.05 |
| 4605SC | REDEVELOP - N. TEXAS | 40,366.97 | 35,000.00 | 5,366.97 | 15.33 | 37,818.10 | 2,548.87 | 6.74 |
| 4702SC | BOATING AND WATERWAYS | 0.00 | 155,000.00 | (155,000.00) | (100.00) | 114,438.46 | (114,438.46) | (100.00) |
| 4704SC | USFWS (FISH & WILDLIFE) | 0.00 | 50,000.00 | (50,000.00) | (100.00) | 0.00 | 0.00 | 0.00 |
| 4900AC | MISCELLANEOUS INCOME | 161.67 | 0.00 | 161.67 | 0.00 | 9,832.32 | (9,670.65) | (98.36) |
| 4900N | MISC INCOME | 17,240.72 | 17,240.00 | 0.72 | 0.00 | 17,240.73 | (0.01) | (0.00) |
| 4900SC | MISCELLANEOUS INCOME | 112,421.69 | 17,240.00 | 95,181.69 | 552.10 | 17,240.73 | 95,180.96 | 552.07 |
| 4900WC | MISC INCOME | 0.00 | 0.00 | 0.00 | 0.00 | 2.50 | (2.50) | (100.00) |
| 4922SC | GREENHOUSE REVENUES | 10,068.56 | 25,000.00 | (14,931.44) | (59.73) | 0.00 | 10,068.56 | 0.00 |
| 4930U | O&M - OTHER AGENCIES | 7,443.16 | 5,000.00 | 2,443.16 | 48.86 | 6,740.87 | 702.29 | 10.42 |
| 4940AC | OVERHEAD DISTRIBUTION REIMB | 3,828,711.57 | 4,533,112.00 | (704,400.43) | (15.54) | 4,211,746.00 | (383,034.43) | (9.09) |
| 4960WC | WATERMASTER INCOME | 4,999.78 | 4,600.00 | 399.78 | 8.69 | 2,531.01 | 2,468.77 | 97.54 |
| 4970AC | WATER CONSERVATION REIMBUT | 0.00 | 170,000.00 | (170,000.00) | (100.00) | 250,642.08 | (250,642.08) | (100.00) |
| 4972AC | BAY AREA IRWMP GRANT | (7,393.80) | 75,000.00 | (82,393.80) | (109.86) | 228,073.13 | (235,466.93) | (103.24) |
| 4973AC | OTHER GRANTS | 104,185.96 | 460,000.00 | (355,814.04) | (77.35) | 122,358.35 | (18,172.39) | (14.85) |

SOLANO COUNTY WATER AGENCY
Year to Date Income Statement
Compared with Budget and Last Year
For the Twelve Months Ending June 30, 2019

| | | Current Year Actual | Current Year Budget | Variance Amount | Variance Percent | Last Year Actual | Change from Last Year | Percent Change |
|----------------------------|-----------------------------|------------------------|------------------------|-----------------------|---------------------|----------------------|--------------------------|-------------------|
| 4978SC | LPCCC SERVICES | 41,889.38 | 790,000.00 | (748,110.62) | (94.70) | 57,482.77 | (15,593.39) | (27.13) |
| 4981SC | LPCCC EQUIPMENT RENTAL FEE | 0.00 | 30,000.00 | (30,000.00) | (100.00) | 0.00 | 0.00 | 0.00 |
| 4987SC | LPCCC - RIVER PARKWAY V | 0.00 | 300,000.00 | (300,000.00) | (100.00) | 204,941.52 | (204,941.52) | (100.00) |
| 4993SC | LPCCC-PROP I | 0.00 | 300,000.00 | (300,000.00) | (100.00) | 325,796.63 | (325,796.63) | (100.00) |
| 4994SC | LPCCC-COASTAL CONSERVANCY | 0.00 | 25,000.00 | (25,000.00) | (100.00) | 6,466.41 | (6,466.41) | (100.00) |
| 4995SC | LPCCC-IRWM | 0.00 | 150,000.00 | (150,000.00) | (100.00) | 159,060.31 | (159,060.31) | (100.00) |
| Total Revenues | | 33,346,911.30 | 36,933,018.00 | (3,586,106.70) | (9.71) | 34,490,763.81 | (1,143,852.51) | (3.32) |
| Cost of Sales | | | | | | | | |
| Total Cost of Sales | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Gross Profit | | 33,346,911.30 | 36,933,018.00 | (3,586,106.70) | (9.71) | 34,490,763.81 | (1,143,852.51) | (3.32) |
| Expenses | | | | | | | | |
| 5500AC | CAPITAL EXPENDITURES | 133,009.05 | 415,000.00 | (281,990.95) | (67.95) | 98,559.20 | 34,449.85 | 34.95 |
| 5500N | CAPITAL EXPENDITURES | 0.00 | 20,000.00 | (20,000.00) | (100.00) | 27,126.00 | (27,126.00) | (100.00) |
| 5500SC | CAPITAL EXPENDITURES | 109,079.50 | 375,000.00 | (265,920.50) | (70.91) | 156,389.80 | (47,310.30) | (30.25) |
| 5500U | CAPITAL EXPENDITURES | 17,332.28 | 430,000.00 | (412,667.72) | (95.97) | 20,064.02 | (2,731.74) | (13.62) |
| 6010AC | GROSS SALARIES | 2,249,125.37 | 2,792,000.00 | (542,874.63) | (19.44) | 2,091,149.52 | 157,975.85 | 7.55 |
| 6011AC | PERS RETIREMENT | 335,900.70 | 351,700.00 | (15,799.30) | (4.49) | 294,986.06 | 40,914.64 | 13.87 |
| 6012AC | PAYROLL TAXES | 99,955.38 | 136,300.00 | (36,344.62) | (26.67) | 99,800.71 | 154.67 | 0.15 |
| 6013AC | EMPLOYEE BENEFITS | 288,215.67 | 407,500.00 | (119,284.33) | (29.27) | 211,192.19 | 77,023.48 | 36.47 |
| 6016AC | OPEB/PENSION UNFUNDED EXPEN | 750,000.00 | 750,000.00 | 0.00 | 0.00 | 750,000.00 | 0.00 | 0.00 |
| 6030AC | TELEPHONE | 19,418.64 | 51,700.00 | (32,281.36) | (62.44) | 19,044.79 | 373.85 | 1.96 |
| 6040AC | OFFICE EXPENSE | 20,875.44 | 29,900.00 | (9,024.56) | (30.18) | 20,901.13 | (25.69) | (0.12) |
| 6041AC | OFFICE EQUIPMENT | 22,979.23 | 32,750.00 | (9,770.77) | (29.83) | 27,486.95 | (4,507.72) | (16.40) |
| 6042AC | SAFETY TRAINING & EQUIPMENT | 8,236.85 | 8,100.00 | 136.85 | 1.69 | 8,360.38 | (123.53) | (1.48) |
| 6043AC | OFFICE HELP - TEMPORARY | 0.00 | 10,000.00 | (10,000.00) | (100.00) | 0.00 | 0.00 | 0.00 |
| 6044AC | HR -EMPLOYEE SUPPORT | 113,422.30 | 81,000.00 | 32,422.30 | 40.03 | 0.00 | 113,422.30 | 0.00 |
| 6045AC | LAUNDRY | 250.00 | 0.00 | 250.00 | 0.00 | 0.00 | 250.00 | 0.00 |
| 6050AC | POSTAGE | 5,710.47 | 5,700.00 | 10.47 | 0.18 | 5,073.93 | 636.54 | 12.55 |

SOLANO COUNTY WATER AGENCY
Year to Date Income Statement
Compared with Budget and Last Year
For the Twelve Months Ending June 30, 2019

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|--------|--------------------------------|------------------------|------------------------|--------------------|---------------------|---------------------|--------------------------|-------------------|
| 6060AC | SID OFFICE EXPENSE | 52,064.54 | 54,800.00 | (2,735.46) | (4.99) | 60,328.88 | (8,264.34) | (13.70) |
| 6090AC | MEMBERSHIPS | 49,411.40 | 94,165.00 | (44,753.60) | (47.53) | 47,868.94 | 1,542.46 | 3.22 |
| 6090N | SWC DUES | 63,790.00 | 118,700.00 | (54,910.00) | (46.26) | 70,396.00 | (6,606.00) | (9.38) |
| 6100G | PPTY TAX ADMIN FEE | 1,018.00 | 1,200.00 | (182.00) | (15.17) | 1,082.00 | (64.00) | (5.91) |
| 6100SC | PPTY TAX ADMIN FEE | 98,589.00 | 100,000.00 | (1,411.00) | (1.41) | 103,041.00 | (4,452.00) | (4.32) |
| 6100U | PPTY TAX ADMIN FEE | 13,237.00 | 15,000.00 | (1,763.00) | (11.75) | 13,645.00 | (408.00) | (2.99) |
| 6105N | PETERSEN RANCH EXPENSES | 0.00 | 55,000.00 | (55,000.00) | (100.00) | 25,448.05 | (25,448.05) | (100.00) |
| 6105SC | PETERSEN RANCH EXPENSES | 71,830.89 | 65,000.00 | 6,830.89 | 10.51 | 25,591.31 | 46,239.58 | 180.68 |
| 6111AC | PS - PAYROLL SERVICES | 11,829.49 | 9,800.00 | 2,029.49 | 20.71 | 8,107.43 | 3,722.06 | 45.91 |
| 6112AC | PS - COMPUTER SERVICES | 497,606.98 | 542,400.00 | (44,793.02) | (8.26) | 465,402.45 | 32,204.53 | 6.92 |
| 6115AC | TALENT DECISION MONITORING | 8,810.33 | 11,400.00 | (2,589.67) | (22.72) | 12,012.00 | (3,201.67) | (26.65) |
| 6128AC | GOVERNMENTAL ADVOCACY | 146,805.46 | 168,000.00 | (21,194.54) | (12.62) | 104,278.50 | 42,526.96 | 40.78 |
| 6128N | GOVERNMENTAL ADVOCACY | 22,657.05 | 40,000.00 | (17,342.95) | (43.36) | 31,509.77 | (8,852.72) | (28.10) |
| 6130SC | LPCCC - VEGETATION | 16,829.77 | 14,176.00 | 2,653.77 | 18.72 | 28,620.63 | (11,790.86) | (41.20) |
| 6140AC | CONSULTANTS | 237,335.49 | 280,000.00 | (42,664.51) | (15.24) | 292,109.16 | (54,773.67) | (18.75) |
| 6140G | CONSULTANTS | 0.00 | 2,000.00 | (2,000.00) | (100.00) | 0.00 | 0.00 | 0.00 |
| 6140N | CONSULTANTS | 20,187.65 | 211,000.00 | (190,812.35) | (90.43) | 15,190.28 | 4,997.37 | 32.90 |
| 6140SC | CONSULTANTS | 153,237.45 | 634,200.00 | (480,962.55) | (75.84) | 538,504.19 | (385,266.74) | (71.54) |
| 6140U | CONSULTANTS | 30,812.03 | 75,000.00 | (44,187.97) | (58.92) | 0.00 | 30,812.03 | 0.00 |
| 6144AC | HYDROLOGY STATIONS | 14,798.78 | 32,000.00 | (17,201.22) | (53.75) | 27,735.05 | (12,936.27) | (46.64) |
| 6144N | HYDROLOGY STATIONS | 26,100.79 | 24,500.00 | 1,600.79 | 6.53 | 23,508.99 | 2,591.80 | 11.02 |
| 6144SC | HYDROLOGY STATIONS | 28,189.15 | 85,000.00 | (56,810.85) | (66.84) | 47,859.13 | (19,669.98) | (41.10) |
| 6144U | HYDROLOGY STATIONS | 12,229.18 | 15,000.00 | (2,770.82) | (18.47) | 1,706.00 | 10,523.18 | 616.83 |
| 6148SC | LPCCC - WILDLIFE | 77,036.00 | 77,968.00 | (932.00) | (1.20) | 77,036.00 | 0.00 | 0.00 |
| 6149SC | LPCCC - FISHERIES | 84,955.06 | 77,968.00 | 6,987.06 | 8.96 | 68,514.27 | 16,440.79 | 24.00 |
| 6161N | WATERSHED PROGRAM | 31,968.51 | 198,100.00 | (166,131.49) | (83.86) | 41,798.57 | (9,830.06) | (23.52) |
| 6161SC | SOLANO PROJECT WQ MONITORING | 11,904.48 | 30,000.00 | (18,095.52) | (60.32) | 28,928.86 | (17,024.38) | (58.85) |
| 6164SC | SOLANO PROJECT INVASIVES | 101,657.75 | 210,000.00 | (108,342.25) | (51.59) | 173,215.46 | (71,557.71) | (41.31) |
| 6165N | Yolo Bypass/Cache Slough Progr | 419,437.78 | 800,000.00 | (380,562.22) | (47.57) | 117,061.48 | 302,376.30 | 258.31 |
| 6166SC | UPPER PUTAH CREEK MGMT | 40,504.40 | 255,000.00 | (214,495.60) | (84.12) | 72,609.70 | (32,105.30) | (44.22) |
| 6170N | NBA RELIABILITY PROGRAM | 320.00 | 388,000.00 | (387,680.00) | (99.92) | 2,625.00 | (2,305.00) | (87.81) |
| 6170SC | INTER-DAM REACH MANAGEMEN | 0.00 | 225,000.00 | (225,000.00) | (100.00) | 0.00 | 0.00 | 0.00 |
| 6170WC | MBK | 54,731.13 | 35,000.00 | 19,731.13 | 56.37 | 39,009.50 | 15,721.63 | 40.30 |

SOLANO COUNTY WATER AGENCY
Year to Date Income Statement
Compared with Budget and Last Year
For the Twelve Months Ending June 30, 2019

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|--------|-----------------------------|------------------------|------------------------|--------------------|---------------------|---------------------|--------------------------|-------------------|
| 6179SC | LPCCC SERVICES | 171,918.56 | 790,000.00 | (618,081.44) | (78.24) | 74,380.05 | 97,538.51 | 131.14 |
| 6181SC | LPCCC EQUIPMENT | 63,042.52 | 50,000.00 | 13,042.52 | 26.09 | 82,392.17 | (19,349.65) | (23.48) |
| 6183SC | LPCCC NURSERY | 107,649.15 | 45,000.00 | 62,649.15 | 139.22 | 47,220.43 | 60,428.72 | 127.97 |
| 6193SC | LPCCC-PROP I | 106,045.73 | 300,000.00 | (193,954.27) | (64.65) | 331,451.79 | (225,406.06) | (68.01) |
| 6195SC | LPCCC-CA RIVER PRKWAY V | 286,203.24 | 300,000.00 | (13,796.76) | (4.60) | 204,941.52 | 81,261.72 | 39.65 |
| 6196SC | LPCCC-COASTAL CONSERVANCY | 17,815.58 | 25,000.00 | (7,184.42) | (28.74) | 6,466.41 | 11,349.17 | 175.51 |
| 6197SC | LPCCC-IRWM | 84,647.32 | 150,000.00 | (65,352.68) | (43.57) | 215,313.42 | (130,666.10) | (60.69) |
| 6199SC | LPCCC MISC. SUPPLIES | 41,009.49 | 27,000.00 | 14,009.49 | 51.89 | 37,389.64 | 3,619.85 | 9.68 |
| 6210AC | BOARD EXPENSES | 28,755.33 | 33,000.00 | (4,244.67) | (12.86) | 27,023.91 | 1,731.42 | 6.41 |
| 6230SC | FIELD SUPPLIES | 54,952.42 | 50,000.00 | 4,952.42 | 9.90 | 42,486.14 | 12,466.28 | 29.34 |
| 6230WC | MISC WATERMASTER EXP | 180.00 | 240.00 | (60.00) | (25.00) | 240.00 | (60.00) | (25.00) |
| 6250SC | HCP PLANNING | 456,642.66 | 3,520,000.00 | (3,063,357.34) | (87.03) | 412,426.91 | 44,215.75 | 10.72 |
| 6300AC | CAR MAINTENANCE | 11,973.65 | 26,600.00 | (14,626.35) | (54.99) | 15,481.80 | (3,508.15) | (22.66) |
| 6310AC | FUEL | 25,099.40 | 30,500.00 | (5,400.60) | (17.71) | 26,878.25 | (1,778.85) | (6.62) |
| 6320U | GARAGE SERVICES | 5,170.18 | 10,000.00 | (4,829.82) | (48.30) | 4,729.17 | 441.01 | 9.33 |
| 6330AC | TRAVEL | 13,495.08 | 7,000.00 | 6,495.08 | 92.79 | 11,006.07 | 2,489.01 | 22.61 |
| 6340AC | EMPLOYEE REIMBURSEMENTS | 3,445.48 | 12,000.00 | (8,554.52) | (71.29) | 6,303.17 | (2,857.69) | (45.34) |
| 6350AC | INSURANCE | 58,162.11 | 59,925.00 | (1,762.89) | (2.94) | 60,098.90 | (1,936.79) | (3.22) |
| 6360AC | EDUCATION & TRAINING | 40,449.98 | 65,000.00 | (24,550.02) | (37.77) | 26,220.55 | 14,229.43 | 54.27 |
| 6410AC | COMP SOFTWARE/EQUIP | 39,848.97 | 110,935.00 | (71,086.03) | (64.08) | 59,463.79 | (19,614.82) | (32.99) |
| 6550AC | SCWA Water Mgt Planning | 0.00 | 350,000.00 | (350,000.00) | (100.00) | 0.00 | 0.00 | 0.00 |
| 6551AC | WATER CONSERVATION | 1,107,221.77 | 973,750.00 | 133,471.77 | 13.71 | 754,651.05 | 352,570.72 | 46.72 |
| 6551N | WATER CONSERVATION | 0.00 | 633,750.00 | (633,750.00) | (100.00) | 276,270.66 | (276,270.66) | (100.00) |
| 6554AC | MISC. WATER CONSERVATION GR | 75,271.36 | 0.00 | 75,271.36 | 0.00 | 88,026.19 | (12,754.83) | (14.49) |
| 6600AC | MELLON LEVEE | 7,202.82 | 15,000.00 | (7,797.18) | (51.98) | 1,137.65 | 6,065.17 | 533.13 |
| 6600SC | PSC MAINTENANCE | 620,597.71 | 1,005,000.00 | (384,402.29) | (38.25) | 663,409.96 | (42,812.25) | (6.45) |
| 6610AC | FLOOD CONTROL | 222,975.07 | 1,162,500.00 | (939,524.93) | (80.82) | 96,635.50 | 126,339.57 | 130.74 |
| 6611AC | GROUND WATER MANAGEMENT | 194,647.15 | 484,500.00 | (289,852.85) | (59.83) | 148,950.69 | 45,696.46 | 30.68 |
| 6612AC | PUBLIC EDUCATION | 65,124.30 | 115,000.00 | (49,875.70) | (43.37) | 75,108.40 | (9,984.10) | (13.29) |
| 6614AC | SOLANO SUB-BASIN GSA | 356,339.81 | 370,000.00 | (13,660.19) | (3.69) | 3,476.16 | 352,863.65 | 10,150.96 |
| 6620G | LABOR | 58,110.30 | 45,000.00 | 13,110.30 | 29.13 | 6,569.26 | 51,541.04 | 784.58 |
| 6620SC | LOWER PUTAH CREEK(NON-ACCC | 775,650.15 | 1,361,218.00 | (585,567.85) | (43.02) | 48,494.65 | 727,155.50 | 1,499.46 |
| 6620U | LABOR | 205,144.37 | 350,000.00 | (144,855.63) | (41.39) | 284,187.92 | (79,043.55) | (27.81) |

SOLANO COUNTY WATER AGENCY
Year to Date Income Statement
Compared with Budget and Last Year
For the Twelve Months Ending June 30, 2019

| | | Current Year Actual | Current Year Budget | Variance Amount | Variance Percent | Last Year Actual | Change from Last Year | Percent Change |
|--------|------------------------|------------------------|------------------------|--------------------|---------------------|---------------------|--------------------------|-------------------|
| 6630SC | SP ADMINISTRATION | 1,147,909.72 | 1,102,000.00 | 45,909.72 | 4.17 | 1,157,835.79 | (9,926.07) | (0.86) |
| 6640SC | PSC OPERATIONS | 236,305.19 | 342,000.00 | (105,694.81) | (30.90) | 241,056.68 | (4,751.49) | (1.97) |
| 6645SC | DAM MAINTENANCE | 7,190.20 | 64,000.00 | (56,809.80) | (88.77) | 6,681.02 | 509.18 | 7.62 |
| 6646SC | DAM OPERATIONS | 256,529.12 | 280,000.00 | (23,470.88) | (8.38) | 246,755.84 | 9,773.28 | 3.96 |
| 6650G | WEED CONTROL | 5,956.61 | 6,000.00 | (43.39) | (0.72) | 3,804.00 | 2,152.61 | 56.59 |
| 6650U | SP PEST MANAGEMENT | 56,745.10 | 150,000.00 | (93,254.90) | (62.17) | 91,240.44 | (34,495.34) | (37.81) |
| 6660G | EQUIP - TRANS DEPT | 8,241.13 | 8,000.00 | 241.13 | 3.01 | 714.02 | 7,527.11 | 1,054.19 |
| 6660U | EQUIP - TRANS DEPT | 32,172.19 | 80,000.00 | (47,827.81) | (59.78) | 52,499.76 | (20,327.57) | (38.72) |
| 6670G | SUPPLIES | 1,168.53 | 2,000.00 | (831.47) | (41.57) | 0.00 | 1,168.53 | 0.00 |
| 6670U | SUPPLIES | 37,608.91 | 78,500.00 | (40,891.09) | (52.09) | 32,972.08 | 4,636.83 | 14.06 |
| 6675G | CONTRACT WORK | 19,350.00 | 15,000.00 | 4,350.00 | 29.00 | 17,000.00 | 2,350.00 | 13.82 |
| 6675U | CONTRACT WORK | 0.00 | 40,000.00 | (40,000.00) | (100.00) | 4,775.00 | (4,775.00) | (100.00) |
| 6680G | TRANS DEPT OVERHEAD | 23,155.61 | 10,000.00 | 13,155.61 | 131.56 | 1,899.20 | 21,256.41 | 1,119.23 |
| 6680U | TRANS DEPT OVERHEAD | 112,786.82 | 120,000.00 | (7,213.18) | (6.01) | 82,159.10 | 30,627.72 | 37.28 |
| 6690G | REHAB & BETTERMENT | 0.00 | 40,000.00 | (40,000.00) | (100.00) | 0.00 | 0.00 | 0.00 |
| 6690N | NBA REHAB & BETTERMENT | 0.00 | 46,500.00 | (46,500.00) | (100.00) | 21,080.00 | (21,080.00) | (100.00) |
| 6690SC | REHAB & BETTERMENT | 163,140.19 | 675,000.00 | (511,859.81) | (75.83) | 247,787.40 | (84,647.21) | (34.16) |
| 6690U | REHAB & BETTERMENT | 0.00 | 20,000.00 | (20,000.00) | (100.00) | 0.00 | 0.00 | 0.00 |
| 6700N | WATER PURCHASES | 10,778,376.43 | 11,783,630.00 | (1,005,253.57) | (8.53) | 10,803,387.43 | (25,011.00) | (0.23) |
| 6700SC | USBR ADMINISTRATION | 66,000.00 | 75,000.00 | (9,000.00) | (12.00) | 69,800.00 | (3,800.00) | (5.44) |
| 6701SC | WATER RIGHTS FEE | 76,391.65 | 85,000.00 | (8,608.35) | (10.13) | 71,676.05 | 4,715.60 | 6.58 |
| 6710N | NAPA MAKE WHOLE | 312,000.00 | 312,000.00 | 0.00 | 0.00 | 312,000.00 | 0.00 | 0.00 |
| 6950AC | LABOR COSTS | 351,947.97 | 330,107.00 | 21,840.97 | 6.62 | 250,489.12 | 101,458.85 | 40.50 |
| 6950G | LABOR COSTS | 6,636.71 | 11,030.00 | (4,393.29) | (39.83) | 6,212.81 | 423.90 | 6.82 |
| 6950N | LABOR COSTS | 278,440.61 | 473,449.00 | (195,008.39) | (41.19) | 346,936.06 | (68,495.45) | (19.74) |
| 6950SC | LABOR COSTS | 879,715.92 | 1,241,531.00 | (361,815.08) | (29.14) | 822,402.34 | 57,313.58 | 6.97 |
| 6950U | LABOR COSTS | 34,043.79 | 92,065.00 | (58,021.21) | (63.02) | 59,675.37 | (25,631.58) | (42.95) |
| 6951AC | INTRA-FUND TRANSFER | (855,898.21) | (792,256.00) | (63,642.21) | 8.03 | (595,575.79) | (260,322.42) | 43.71 |
| 6952AC | OVERHEAD EXPENSES | 503,950.26 | 462,149.00 | 41,801.26 | 9.04 | 345,086.67 | 158,863.59 | 46.04 |
| 6952G | OVERHEAD EXPENSES | 16,689.51 | 15,442.00 | 1,247.51 | 8.08 | 11,175.43 | 5,514.08 | 49.34 |
| 6952N | OVERHEAD EXPENSES | 473,756.21 | 662,827.00 | (189,070.79) | (28.52) | 610,617.67 | (136,861.46) | (22.41) |
| 6952SC | OVERHEAD EXPENSES | 1,855,560.85 | 1,907,876.00 | (52,315.15) | (2.74) | 1,989,141.93 | (133,581.08) | (6.72) |
| 6952U | OVERHEAD EXPENSES | 72,067.49 | 128,891.00 | (56,823.51) | (44.09) | 116,721.22 | (44,653.73) | (38.26) |

SOLANO COUNTY WATER AGENCY
Year to Date Income Statement
Compared with Budget and Last Year
For the Twelve Months Ending June 30, 2019

| | | Current Year Actual | Current Year Budget | Variance Amount | Variance Percent | Last Year Actual | Change from Last Year | Percent Change |
|----------------|-------------|------------------------|------------------------|--------------------|---------------------|---------------------|--------------------------|-------------------|
| 6990AC | CONTINGENCY | 0.00 | 100,000.00 | (100,000.00) | (100.00) | 0.00 | 0.00 | 0.00 |
| 6990G | CONTINGENCY | 0.00 | 5,000.00 | (5,000.00) | (100.00) | 0.00 | 0.00 | 0.00 |
| 6990N | CONTINGENCY | 0.00 | 25,000.00 | (25,000.00) | (100.00) | 0.00 | 0.00 | 0.00 |
| 6990SC | CONTINGENCY | 5,000.00 | 100,000.00 | (95,000.00) | (95.00) | 0.00 | 5,000.00 | 0.00 |
| 6990U | CONTINGENCY | 0.00 | 50,000.00 | (50,000.00) | (100.00) | 0.00 | 0.00 | 0.00 |
| | | <hr/> | | | | | | |
| Total Expenses | | 28,841,126.59 | 43,467,686.00 | (14,626,559.41) | (33.65) | 27,961,717.10 | 879,409.49 | 3.15 |
| | | <hr/> | | | | | | |
| Net Income | | \$ 4,505,784.71 | (\$ 6,534,668.00) | 11,040,452.71 | (168.95) | \$ 6,529,046.71 | (2,023,262.00) | (30.99) |
| | | <hr/> | | | | | | |

**ACTION OF
SOLANO COUNTY WATER AGENCY**

DATE: July 11, 2019

SUBJECT: Revised State Water Project Contact Amendment 21 (Contract Extension)

RECOMMENDATION:

Authorize General Manager to execute revised Contract Amendment 21 (Contract Extension Amendment) to water supply contract between the State of California Department of Water Resources and Solano County Water Agency.

FINANCIAL IMPACT: None

BACKGROUND:

Proposed Revisions to Contract Amendment 21: On February 14, 2019 the Board authorized the General Manager to execute Contract Amendment 21 (Contract Extension Amendment) to the water supply contract between the State of California Department of Water Resources (DWR) and Solano County Water Agency. Since then DWR staff has identified the need for the following corrections to Contract Amendment 21:

1. Article 42(e) regarding "Costs Incurred Prior to Date of Contract" was inadvertently omitted from the previous version and is now included in the revised version of Contract Amendment 21.
2. Articles 24(c)(7), 25(f) and 26(e), all of which address "East Branch Enlargement" charges and where included in the prior version of Contract Amendment 21 have been deleted.

Recommended: _____

Roland Sanford, General Manager

☐

Approved as
recommended

☐

Other
(see below)

☒

Continued on
next page

Modification to Recommendation and/or other actions:

I, Roland Sanford, General Manager and Secretary to the Solano County Water Agency, do hereby certify that the foregoing action was regularly introduced, passed, and adopted by said Board of Directors at a regular meeting thereof held on July 11, 2019 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Roland Sanford
General Manager & Secretary to the
Solano County Water Agency

3. Articles 26.1 and 26.2 in the existing master agreement regarding “Vallejo Permit Water” and “Excess Peaking Capacity” were inadvertently omitted from the prior version of Contract Amendment 21 have been reinserted into the revised version of Contract Amendment 21.

Water Agency counsel has reviewed the aforementioned revisions and has approved the revised Contract Amendment 21 with regard to language and form.

Purpose of Contract Amendment 21: On December 26, 1963 the Solano County Water Agency’s predecessor, the Solano County Flood Control and Water Conservation District, executed the existing water supply contract between the Solano County Water Agency and the State of California Department of Water Resources. That contract is set to expire on or about 2038. The exact expiration date is contingent upon the final maturity date of the last bond used to finance project construction. Amendment 21 extends the term of the water supply contract to at or about December 31, 2085 (exact expiration date contingent on date all bonds or other debt obligations have been paid). Water Agency counsel has reviewed and approved Amendment 21 with regard to language and form.

The proposed contract extension would extend the repayment period, thereby reducing the Water Agency’s annual payments to the California Department of Water Resources, and would also provide additional flexibility with regard to the financing of the North Bay Aqueduct Alternate Intake Project. The former is particularly relevant in view of the recent Oroville Dam spillway failure and subsequent repair work, at least a portion of which must be paid by the State Water Contractors, and the steadily increasing costs associated with federally mandated habitat restoration projects. Similarly, the economic feasibility and affordability of the North Bay Aqueduct Alternate Intake Project will be largely determined by the duration of bonds and other instruments used to finance project construction. Contract extension would allow for a longer repayment period of debt obligations.

STATE OF CALIFORNIA
CALIFORNIA NATURAL RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES

AMENDMENT NO. 21 (THE CONTRACT EXTENSION AMENDMENT)
TO WATER SUPPLY CONTRACT BETWEEN THE STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES AND SOLANO COUNTY WATER AGENCY
FOR CONTINUED SERVICE AND THE TERMS AND CONDITIONS THEREOF

THIS AMENDMENT to the Water Supply Contract is made this _____ day
of _____, 201_, pursuant to the provisions of the California Water
Resources Development Bond Act, the Central Valley Project Act, and other applicable
laws of the State of California, between the State of California, acting by and through its
Department of Water Resources, herein referred to as the "State," and Solano County
Water Agency, herein referred to as the "Agency."

INDEX

| | |
|---|----|
| INDEX OF TABLES | 3 |
| RECITALS..... | 4 |
| AMENDED CONTRACT TEXT | 6 |
| 1. DEFINITIONS. | 6 |
| 2. TERM OF CONTRACT..... | 17 |
| 22. DELTA WATER CHARGE..... | 18 |
| 23. TRANSPORTATION CHARGE..... | 33 |
| 24. TRANSPORTATION CHARGE -- CAPITAL COMPONENTS. | 37 |
| 25. TRANSPORTATION CHARGE -- MINIMUM OPERATION, MAINTENANCE, POWER, AND REPLACEMENT COMPONENT..... | 46 |
| 26. TRANSPORTATION CHARGE -- VARIABLE OPERATION, MAINTENANCE AND POWER COMPONENT..... | 49 |
| 26.1. TRANSPORTATION OF CITY OF VALLEJO PERMIT WATER. | 51 |
| 26.2. EXCESS PEAKING CAPACITY..... | 52 |
| 27. TRANSPORTATION CHARGE -- REPAYMENT SCHEDULE. | 53 |
| 28. DELTA WATER CHARGE AND TRANSPORTATION CHARGE -- REDETERMINATION..... | 54 |
| 29. TIME AND METHOD OF PAYMENT OF DELTA WATER CHARGE AND TRANSPORTATION CHARGE. | 58 |
| 50. WATER SYSTEM FACILITY REVENUE BOND FINANCING COSTS. | 61 |
| 51. FINANCIAL ADJUSTMENTS..... | 66 |
| NEW CONTRACT ARTICLE..... | 78 |
| 61. FINANCIAL ACCOUNTS AND ACTIVITIES | 78 |
| NEW CONTRACT APPENDIX | 84 |
| APPENDIX B | 84 |
| AMENDMENT IMPLEMENTING AND ADMINISTRATIVE PROVISIONS..... | 86 |

INDEX OF TABLES

| | |
|--|----|
| B - PROJECTED ALLOCATIONS TO AGENCY OF PROJECT CONSERVATION FACILITY CAPITAL COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE | 24 |
| C - PROJECTED CHARGES TO AGENCY UNDER THE CAPITAL COMPONENT OF THE DELTA WATER CHARGE FOR COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE | 26 |
| D - DELTA WATER CHARGE -- ESTIMATED MINIMUM OPERATION, MAINTENANCE, POWER AND REPLACEMENT COMPONENT FOR COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE | 27 |
| E - DELTA WATER CHARGE -- ESTIMATED VARIABLE OPERATION, MAINTENANCE AND POWER COMPONENT FOR COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE | 28 |
| F - REPAYMENT SCHEDULE -- DELTA WATER CHARGE FOR COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE | 29 |
| G - PROJECT TRANSPORTATION FACILITIES NECESSARY TO DELIVER WATER TO AGENCY | 35 |
| H - PROJECTED ALLOCATIONS OF CAPITAL COSTS INCURRED PRIOR TO THE BILLING TRANSITION DATE OF PROJECT TRANSPORTATION FACILITIES TO AGENCY | 38 |
| I - TRANSPORTATION CHARGE FOR COSTS INCURRED PRIOR TO THE BILLING TRANSITION DATE -- CAPITAL COST COMPONENT | 39 |
| J - PROJECTED ALLOCATIONS TO AGENCY OF PROJECT TRANSPORTATION FACILITY CAPITAL COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE | 41 |
| K - PROJECTED CHARGES UNDER THE CAPITAL COMPONENT OF THE TRANSPORTATION CHARGE FOR COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE TO AGENCY | 42 |
| L - RELEVANT VALUES THAT SHALL SERVE AS THE BASIS FOR ALLOCATION OF ALL TRANSPORTATION CHARGE COSTS | 44 |
| M - TRANSPORTATION CHARGE -- MINIMUM OPERATION MAINTENANCE, POWER, AND REPLACEMENT COMPONENT | 47 |
| N - TRANSPORTATION CHARGE -- ESTIMATED VARIABLE OPERATION, MAINTENANCE, AND POWER COMPONENT | 50 |
| O - REPAYMENT SCHEDULE -- TRANSPORTATION CHARGE | 53 |

RECITALS

- A. The State and the Agency entered into and subsequently amended a water supply contract (the “contract”), dated December 26, 1963, providing that the State shall supply certain quantities of water to the Agency and providing that the Agency shall make certain payments to the State, and setting forth the terms and conditions of such supply and such payments; and
- B. Article 2 of the contract provides that the contract shall remain in effect for the longest of the following: (1) the project repayment period, which, as defined in the contract, is to end on December 31, 2035; (2) 75 years from the original date of the contract; and (3) the period ending with the latest maturity date of any bond issue used to finance the construction costs of project facilities; and
- C. The longest of the above referenced periods in Article 2 would have ended in this contract on December 26, 2038; and
- D. Article 4 of the contract provides that the Agency, by written notice to the State at least six (6) months prior to the expiration of the term of the contract (as specified in Article 2), may elect to receive continued service under the contract under certain conditions specified therein and under other terms and conditions that are reasonable and mutually agreed upon by the State and the Agency; and
- E. The State, the Agency and representatives of certain other State Water Project Contractors have negotiated and executed a document (Execution Version dated June 18, 2014), the subject of which is “Agreement in Principle Concerning Extension of the State Water Project Water Supply Contracts” (the “Agreement in Principle”); and
- F. The Agreement in Principle describes the terms and conditions of the continued service upon which the State and the Agency mutually proposed to develop contractual amendments consistent with the Agreement In Principle; and
- G. The State, the Agency and those Contractors intending to be subject to the contract amendments contemplated by the Agreement in Principle subsequently prepared an amendment to their respective contracts to implement the provisions of the Agreement in Principle, and such amendment was named the “Amendment for Continued Service and the Terms and Conditions Thereof”; and

STATE WATER PROJECT WATER SUPPLY CONTRACT EXTENSION AMENDMENT
Execution Version

- H. The State and the Agency desire to implement continued service under the contract under the terms and conditions of this Amendment for Continued Service and the Terms and Conditions Thereof to the water supply contract; and
- I. The Agency's execution of this Amendment for Continued Service and the Terms and Conditions Thereof is the equivalent of the Agency's election under Article 4 to receive continued service under the contract under the conditions provided in Article 4, and the mutually agreed terms and conditions herein are the other reasonable and equitable terms and conditions of continued service referred to in Article 4.

NOW, THEREFORE, IT IS MUTUALLY AGREED that the following changes and additions are hereby made to the Agency's water supply contract with the State:

AMENDED CONTRACT TEXT

I. ARTICLES 1, 2, 22 THROUGH 29, 50 AND 51 ARE DELETED IN THEIR ENTIRETY AND REPLACED WITH THE FOLLOWING TEXT:

1. DEFINITIONS.

When used in this contract, the following terms shall have the meanings hereinafter set forth:

(a) **"Additional Project Conservation Facilities"** shall mean the following facilities and programs, which will serve the purpose of preventing any reduction in the Minimum Project Yield as hereinafter defined:

(1) Those Project Facilities specified in Section 12938 of the Water Code;

(2) Those facilities and programs described in (A), (B), (C), (D), and (E) below which, in the State's determination, are engineeringly feasible and capable of producing Project Water which is economically competitive with alternative new water supply sources, *provided* that in the State's determination, the construction and operation of such facilities and programs will not interfere with the requested deliveries of Annual Table A Amount to any Contractor other than the sponsoring Contractor, and will not result in any greater annual charges to any Contractor other than the sponsoring Contractor than would have occurred with the construction at the same time of alternative new water supply sources which are either reservoirs located north of the Delta or off-Aqueduct storage reservoirs located south or west of the Delta designed to supply water to the California Aqueduct.

The following facilities and programs shall hereinafter be referred to as "Local Projects":

(A) On-stream and off-stream surface storage reservoirs not provided for in Section 12938 of the Water Code, that will produce Project Water for the System for a period of time agreed to by the sponsoring Contractor;

(B) Groundwater storage facilities that will produce Project Water for the System for a period of time agreed to by the sponsoring Contractor;

(C) Waste water reclamation facilities that will produce Project Water for the System for a period of time agreed to by the sponsoring Contractor;

(D) Water and facilities for delivering water purchased by the State for the System for a period of time agreed to by the sponsoring Contractor; *provided* that the economic test specified herein shall be applied to the cost of these facilities together with the cost of the purchased water; and

(E) Future water conservation programs and facilities that will reduce demands by the sponsoring Contractor for Project Water from the System for a period of time agreed to by the sponsoring Contractor and will thereby have the effect of increasing Project Water available in the Delta for distribution.

(3) Whether a Local Project described in (2) above shall be considered economically competitive shall be determined by the State by comparing, in an engineering and economic analysis, such Local Project with alternative new water supply sources which are either reservoirs located north of the Delta or off-Aqueduct storage reservoirs located south or west of the Delta designed to supply water to the California Aqueduct. The analysis for such alternative new water supply sources shall use the average cost per acre-foot of yield in the latest studies made for such sources by the State and shall compare those facilities with the proposed Local Project using commonly accepted engineering economics. In the case of a Local Project to be funded in part by the State as part of the System and in part from other sources, the economic analysis specified herein shall be applied only to the portion to be funded by the State as part of the System.

(4) The Local Projects in (2) above shall not be constructed or implemented unless or until:

(A) The sponsoring Contractor signs a written agreement with the State which:

(i) Contains the sponsoring Contractor's approval of such facility or program;

(ii) Specifies the yield and the period of time during which the water from the Local Project shall constitute Project Water; and

(iii) Specifies the disposition of such Local Project or of the yield from such Local Project upon the expiration of such period of time.

(B) All Contractors within whose boundaries any portion of such Local Project is located, and who are not sponsoring Contractors for such Local Project give their written approval of such Local Project.

(5) "Sponsoring Contractor" as used in this Article 1(a) shall mean the Contractor or Contractors who either will receive the yield from facilities described in 2(A), (B), (C), or (D) above, or agree to reduce demands for Project Water from the System pursuant to 2(E) above.

(6) In the event of a shortage in water supply within the meaning of Article 18(a), the determination of whether to count, in whole or in part, the yield from facilities described in 2(A), (B), (C), or (D) above, or the reduced demand from future conservation programs described in 2(E) above in the allocation of deficiencies among Contractors will be based on a project-by-project evaluation taking into consideration such factors as any limitation on the use of the water from such facilities and whether the sponsoring Contractor has access to Project Water from the Delta as an alternate to such facilities.

(b) "**Agricultural Use**" shall mean any use of water primarily in the production of plant crops or livestock for market, including any use incidental thereto for domestic or stock-watering purposes.

(c) "**Annual Table A Amount**" shall mean the amount of Project Water set forth in Table A of this Contract that the State, pursuant to the obligations of this contract and applicable law, makes available for delivery to the Agency at the delivery structures provided for the Agency. The term Annual Table A Amount shall not be interpreted to mean that in each year the State will be able to make that quantity of Project Water available to the Agency. The Annual Table A Amounts and the terms of this contract reflect an expectation that under certain conditions only a lesser amount, allocated in accordance with this contract, may be made available to the Agency. This recognition that full Annual Table A Amounts will not be deliverable under all conditions does not change the obligations of the State under this contract, including but not limited to, the obligations to make all reasonable efforts to complete the Project Facilities, to perfect and protect water rights, and to allocate among Contractors the supply available in any year, as set forth in Articles 6(b), 6(c), 16(b) and 18, in the manner and subject to the terms and conditions of those articles and this contract. Where the term "annual entitlement" appears elsewhere in this contract, it shall mean "Annual Table A Amount." The State agrees that in future amendments to this and other Contractor's contracts, in lieu of the term "annual entitlement," the term "Annual Table A

Amount” will be used and will have the same meaning as “annual entitlement” wherever that term is used.

(d) **“Area of Origin Statutes”** shall mean Sections 10505 and 11460 through 11463 of the Water Code as now existing or hereafter amended.

(e) **“Article 51(e) Amounts”** shall mean the annual amounts determined pursuant to Article 51(e)(1).

(f) **“Billing Transition Date”** shall mean January 1 of the first calendar year starting at least six (6) months after the Contract Extension Amendment Effective Date.

(g) **“Burns-Porter Bond Act”** shall mean the California Water Resources Development Bond Act, comprising Chapter 8, commencing at Section 12930, of Part 6 of Division 6 of the Water Code, as enacted in Chapter 1762 of the Statutes of 1959.

(h) **“Capital Costs”** shall mean all costs Incurred subsequent to authorization of a facility for construction by the Legislature or by administrative action pursuant to Section 11290 of the Water Code and to the Burns-Porter Bond Act, including those so Incurred prior to the beginning of the Project Repayment Period as herein defined and any accrued unpaid interest charges thereon at the rates specified herein, which are properly chargeable to the construction of and the furnishing of equipment for the facilities of the System, including the costs of surveys, engineering studies, exploratory work, designs, preparation of construction plans and specifications, acquisition of lands, easements and rights-of-way, and relocation work, all as shown upon the official records of the Department of Water Resources.

(i) **“Carry-over Table A Water”** shall mean water from a Contractor’s Annual Table A Amount for a respective year, which is made available for delivery by the State in the next year pursuant to Article 12(e).

(j) **“Central Valley Project Act”** shall mean the Central Valley Act comprising Part 3, commencing at Section 11100, of Division 6 of the Water Code.

(k) **“Contract Extension Amendment”** shall mean the substantially similar amendments to the Contractors’ Water Supply Contracts that include, among other things, an extension of the term of the contract to December 31, 2085.

(l) **“Contract Extension Amendment Effective Date”** shall mean the date on which the Contract Extension Amendment becomes effective with regard to this contract. The State shall provide a written notice to the Agency specifying the Contract Extension Amendment Effective Date once the applicable conditions set out in the Contract Extension Amendment have been met.

(m) **“Contractor”** shall mean any entity that has executed, or is an assignee of, a contract of the type published in Department of Water Resources Bulletin No. 141,

dated November 1965, with the State for a dependable supply of water made available by the System, except such water as is made available by the facilities specified in Section 12934(d)(6) of the Water Code, as such contracts have been amended from time to time.

(n) **"Delta"** shall mean the Sacramento-San Joaquin Delta as defined in Section 12220 of the Water Code on the date of approval of the Burns-Porter Bond Act by the voters of the State of California.

(o) **"East Branch Aqueduct"** shall mean that portion of the San Joaquin Valley-Southern California Aqueduct specified in Section 12934(d)(2) of the Water Code extending from the South Portal of the Tehachapi Tunnels to a terminus in the vicinity of Perris, Riverside County.

(p) **"Economic Useful Life"** shall mean the period during which the State expects to derive economic benefit from using an asset, as determined by the State.

(q) **"Financial Information System"** shall mean the system of record designated by the State as the authoritative source for the recording of all financial data values relating to the System.

(r) **"Financing Costs"** shall mean the following:

-
- (1) principal of and interest on Revenue Bonds,
 - (2) debt service coverage required by the applicable bond resolution or indenture in relation to such principal and interest,
 - (3) deposits to reserves required by the bond resolution or indenture in relation to such Revenue Bonds, and
 - (4) premiums for insurance or other security obtained in relation to such Revenue Bonds.

(s) **"Incurred"** shall mean the following with respect to the timing of a cost:

- (1) Capital Costs and operation, maintenance, and power costs allocated irrespective of the amount of Project Water delivered to the Contractors are "Incurred" when the expenditure for the good, service or other consideration is recorded in the State's financial information system, regardless of the date the good, service or other consideration is provided; and
- (2) operation, maintenance, and power costs allocated in an amount which is dependent upon and varies with the amount of Project Water delivered to the Contractors are "Incurred" when the good, service or other consideration is provided, regardless of when the expenditure for the good, service or other

consideration is recorded in the financial information system.

(t) **"Initial Project Conservation Facilities"** shall mean the following Project Facilities specified in Section 12934(d) of the Water Code:

(1) All those facilities specified in subparagraph (1) thereof.

(2) Those facilities specified in subparagraph (3) thereof to the extent that they serve the purposes of water conservation in the Delta, water supply in the Delta, and transfer of water across the Delta.

(3) A reservoir near Los Banos in Merced County as specified in subparagraph (2) thereof.

(4) The reach of the San Joaquin Valley-Southern California Aqueduct extending from the Delta to a reservoir near Los Banos in Merced County, to the extent required for water conservation through conveyance of water diverted from the Delta to offstream storage in such reservoir as determined by the State.

(5) Those facilities specified in subparagraph (5) thereof which are incidental to the facilities included under (1), (2), (3), and (4) above.

(6) Those facilities specified in subparagraph (7) thereof which are necessary and appurtenant to the facilities included under (1), (2), (3), (4), and (5) above.

(u) **"Interruptible Water"** shall mean Project Water available as determined by the State that is not needed for fulfilling Contractors' Annual Table A Amount deliveries as set forth in their water delivery schedules furnished pursuant to Article 12 or for meeting project operational requirements, including storage goals for the current or following years.

(v) **"Manufacturing Use"** shall mean any use of water primarily in the production of finished goods for market.

(w) **"Maximum Annual Table A Amount"** shall mean the maximum annual amount set forth in Table A of this contract, and where the term "maximum annual entitlement" appears elsewhere in this contract it shall mean "Maximum Annual Table A Amount."

(x) **"Minimum Project Yield"** shall mean the dependable annual supply of project water to be made available assuming completion of the initial project conservation facilities and additional project conservation facilities. The project's capability of providing the Minimum Project Yield shall be determined by the State on the basis of coordinated operations studies of initial project conservation facilities and additional project conservation facilities, which studies shall be based upon factors

including but not limited to:

- (1) the estimated relative proportion of deliveries for agricultural use to deliveries for municipal use assuming Maximum Annual Table A Amounts for all Contractors and the characteristic distributions of demands for these two uses throughout the year; and
- (2) agreements now in effect or as hereafter amended or supplemented between the State and the United States and others regarding the division of utilization of waters of the Delta or streams tributary thereto.
- (y) **"Monterey Amendment"** shall mean the substantially similar amendments to Contractors' Water Supply Contracts that included, among other provisions, the addition of Articles 51 through 56.
- (z) **"Municipal Use"** shall mean all those uses of water common to the municipal water supply of a city, town, or other similar population group, including uses for domestic purposes, uses for the purposes of commerce, trade or industry, and any other use incidental thereto for any beneficial purpose.
- (aa) **"Nonproject Water"** shall mean water made available for delivery to Contractors that is not Project Water as defined in Article 1(ah).
- (ab) **"Project Facilities"** shall mean those facilities of the System which will, in whole or in part, serve the purposes of this contract by conserving water and making it available for use in and above the Delta and for export from the Delta and from such additional facilities as are defined in Article 1(a)(2), and by conveying water to the Agency. Such Project Facilities shall consist specifically of "Project Conservation Facilities" and "Project Transportation Facilities", as hereinafter defined.
- (ac) **"Project Conservation Facilities"** shall mean such Project Facilities as are presently included, or as may be added in the future, under 1(a) and 1(t).
- (ad) **"Project Interest Rate"** shall mean the following:
 - (1) Prior to the Billing Transition Date, the weighted average interest rate on bonds, advances, or loans listed in this section to the extent the proceeds of any such bonds, advances, or loans are for construction of the State Water Facilities defined in Section 12934(d) of the Water Code, the additional project conservation facilities, and the supplemental conservation facilities (except off-aqueduct power facilities; water system facilities; advances for delivery structures, measuring devices and excess capacity; and East Branch Enlargement Facilities). The Project Interest Rate shall be calculated as a decimal fraction to five places by dividing (i) the total interest cost required to be paid or credited by the State during the life of the indebtedness or advance by (ii) the total

of the products of the various principal amounts and the respective terms in years of all such amounts. The bonds, advances, or loans used in calculating the project interest rate shall be:

(A) General obligation bonds issued by the State under the Bond Act, except that any premium received on the sale of these bonds shall not be included in the calculation of the project interest rate,

(B) Revenue Bonds issued after May 1, 1969,

(C) Bonds issued by the State under any other authority granted by the Legislature or the voters,

(D) Bonds issued by any agency, district, political subdivision, public corporation, or nonprofit corporation of this State,

(E) Funds advanced by any Contractor without the actual incurring of bonded debt therefore, for which the net interest cost and terms shall be those which would have resulted if the Contractor had sold bonds for the purpose of funding the advance, as determined by the State,

(F) Funds borrowed from the General Fund or other funds in the Treasury of the State of California, for which the total interest cost shall be computed at the interest rate earned over the period of such borrowing by moneys in the Surplus Money Investment Fund of such Treasury invested in securities, and

(G) Any other financing capability available in the Treasury of the State of California at whatever interest rate and other financing costs are provided in the law authorizing such borrowing. However, the use of other financing from the State Treasury is intended to involve only short term borrowing at interest rates and other financing costs no greater than those charged to other State agencies during the same period until such time as the Department can sell bonds and reimburse the source of the short term borrowing from the proceeds of the bond sale.

(2) On and after the Billing Transition Date, the Project Interest Rate shall be four and six hundred and ten thousandths percent (4.610%) per annum.

(ae) **"Project Repayment Period"** shall mean that period of years commencing on January 1, 1961, and extending until December 31, 2035.

(af) **"Project Revenues"** shall mean revenues derived from the service of Project Water to Contractors and others, and from the sale or other disposal of electrical energy generated in connection with operation of Project Facilities.

(ag) **“Project Transportation Facilities”** shall mean the following Project Facilities:

(1) All those facilities specified in subparagraph (2) of Section 12934(d) of the Water Code except: The reservoir near Los Banos in Merced County; the reach of the San Joaquin Valley-Southern California Aqueduct extending from the Delta to the reservoir near Los Banos in Merced County, to the extent required for water conservation as determined by the State; the North Bay Aqueduct extending to a terminal reservoir in Marin County; the South Bay Aqueduct extending to terminal reservoirs in the Counties of Alameda and Santa Clara; the Pacheco Pass Tunnel Aqueduct extending from a reservoir near Los Banos in Merced County to a terminus in Pacheco Creek in Santa Clara County; and the Coastal Aqueduct beginning on the San Joaquin Valley-Southern California Aqueduct in the vicinity of Avenal, Kings County, and extending to a terminus at the Santa Maria River.

(2) Facilities for the generation and transmission of electrical energy of the following types:

(A) Hydroelectric generating and transmission facilities, whose operation is dependent on the transportation of Project Water, or on releases to channels downstream of Project Facilities defined under (1) above. ~~Such facilities shall be called “project aqueduct power recovery plants”, and~~

(B) All other generating and associated transmission facilities, except those dependent on water from Project Conservation Facilities, for the generation of power. These facilities shall be called “off-aqueduct power facilities” and shall consist of the State’s interest in the Reid-Gardner and any other generating and associated transmission facilities, constructed or financed in whole or in part by the State, which are economically competitive with alternative power supply sources as determined by the State.

(3) Those facilities specified in subparagraph (7) of Section 12934(d) of the Water Code which are necessary and appurtenant to the facilities included under (1) and (2) above.

(ah) **“Project Water”** shall mean water made available for delivery to the Contractors by the Project Conservation Facilities and the Project Transportation Facilities included in the System.

(ai) **“Revenue Bonds”** shall mean the following types of instruments payable from the sources provided in the Central Valley Project Act: revenue bonds, notes, refunding bonds, refunding notes, bond anticipation notes, certificates of indebtedness,

and other evidences of indebtedness.

(aj) **"Subject to Approval by the State"** shall mean subject to the determination and judgment of the State as to acceptability.

(ak) **"Supplemental Conservation Facilities"** shall mean those facilities provided for in Section 12938 of the Water Code which will serve the purpose of supplying water in addition to the Minimum Project Yield and for meeting local needs.

(al) **"Supplemental Water"** shall mean water made available by Supplemental Conservation Facilities, in excess of the Minimum Project Yield.

(am) **"System"** shall mean the State Water Resources Development System as defined in Section 12931 of the Water Code.

(an) **"System Revenue Account"** shall mean the special account created pursuant to Water Code Section 12937(b) into which are deposited all revenues derived from the sale, delivery or use of water or power and all other income or revenue, derived by the State, from the System, with the exception of revenue attributable to facilities financed with revenue bonds issued pursuant to the Central Valley Project Act (Water Code Section 11100 et seq.).

(ao) **"Water Supply Contract"** shall mean one of the contracts described in the definition of Contractor in Article 1(m).

(ap) **"Water System Facilities"** shall mean the following facilities to the extent that they are financed with Revenue Bonds or to the extent that other financing of such facilities is reimbursed with proceeds from Water System Facility Revenue Bonds:

(1) The North Bay Aqueduct,

(2) The Coastal Branch Aqueduct,

(3) Delta Facilities, including Suisun Marsh facilities, to serve the purposes of water conservation in the Delta, water supply in the Delta, transfer of water across the Delta, and mitigation of the environmental effects of Project Facilities, and to the extent presently authorized as project purposes, recreation and fish and wildlife enhancement,

(4) Local projects as defined in Article 1(a)(2) designed to develop no more than 25,000 acre-feet of project yield from each project,

(5) Land acquisition prior to December 31, 1995, for the Kern Fan Element of the Kern Water Bank,

- (6) Additional pumps at the Banks Delta Pumping Plant,
- (7) The transmission line from Midway to Wheeler Ridge Pumping Plant,
- (8) Repairs, additions, and betterments to Project Facilities,
- (9) A Project Facilities corporation yard,
- (10) A Project Facilities operation center, and
- (11) Capital projects which are approved in writing by the State and eighty (80) percent of the affected Contractors as "Water System Facilities", *provided that the approving Contractors' Table A amounts exceed eighty (80) percent of the Table A amounts representing all affected Contractors and provided further that "affected Contractors" for purposes of this subdivision (11) shall mean those Contractors which would be obligated to pay a share of the debt service on Revenue Bonds issued to finance such project.*

(aq) **"Water System Facility Revenue Bonds"** shall mean Revenue Bonds issued after January 1, 1987 for Water System Facilities identified in Article 1(ap).

(ar) **"West Branch Aqueduct"** shall mean that portion of the San Joaquin Valley-Southern California Aqueduct specified in Section 12934(d)(2) of the Water Code extending from the South Portal of the Tehachapi Tunnels to a terminus in the vicinity of Newhall, Los Angeles County.

(as) **"Year"** shall mean the 12-month period from January 1 through December 31, both dates inclusive.

(at) **"Year of Initial Water Delivery"** shall mean the year when Project Water will first be available for delivery to a Contractor pursuant to its contract with the State.

2. TERM OF CONTRACT.

This contract shall become effective on the date first above written and shall remain in effect for the longer of the following:

1. December 31, 2085, or
2. The period ending with the latest maturity date of any bond issue used to finance the construction costs of Project Facilities.

22. DELTA WATER CHARGE

The payments to be made by each Contractor shall include an annual charge designated as the Delta Water Charge, which shall be separately calculated and stated for costs Incurred prior to the Billing Transition Date and costs Incurred on or after the Billing Transition Date.

(a) **Delta Water Charge for Costs Incurred Prior to the Billing Transition Date.** The provisions of this subdivision (a) shall apply only to costs Incurred prior to the Billing Transition Date.

(1) *Recovery of Costs of Project Conservation Facilities.* The Delta Water Charge for costs Incurred prior to the Billing Transition Date, together with the total revenues derived prior to the Billing Transition Date from the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities, shall return to the State during the Project Repayment Period all costs of the Project Conservation Facilities Incurred prior to the Billing Transition Date, including capital, operation, maintenance, power, and replacement costs, which are allocated to the purpose of water conservation in, above, and below the Delta pursuant to subdivisions (c)(1) through (c)(3) of this article.

(2) *Components of Charge.* For each Contractor receiving Project Water in any year through December 31, 1969, the Delta Water Charge shall be the product of \$3.50 and the Contractor's Annual Table A Amount for the respective year. For each Contractor receiving Project Water in the year 1970, the Delta Water Charge shall be the product of \$6.65 and the Contractor's Annual Table A Amount for that year. The \$6.65 rate for the year 1970 shall consist of a capital component of \$5.04 and a minimum operation, maintenance, power and replacement component of \$1.61. For each Contractor receiving Project Water in the year 1971, the Delta Water Charge shall be the product of \$7.24 and the Contractor's Annual Table A Amount for that year. The \$7.24 rate for the year 1971 shall consist of a capital component of \$5.44 and a minimum operation, maintenance, power and replacement component of \$1.80.

After December 31, 1971, the Delta Water Charge for costs Incurred prior to the Billing Transition Date shall consist and be the sum of the following components as these are computed in accordance with subdivisions (a)(3) and (a)(4) of this article: a capital component; a minimum operation, maintenance, power and replacement component; and a variable operation, maintenance, power and replacement component.

(3) *Charge Components Expressed as Rates.* The Capital Cost, the minimum operation, maintenance, power, and replacement, and the variable operation, maintenance, power, and replacement components of the Delta Water

Charge for costs Incurred prior to the Billing Transition Date, together with that portion of the revenues derived prior to the Billing Transition Date from the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities which is allocated by the State to repayment of the respective category of costs, shall return to the State during the Project Repayment Period, respectively, the following categories of the costs allocated to the purpose of water conservation in, above, and below the Delta pursuant to subdivisions (c)(1) through (c)(3) of this article:

(A) Capital Costs;

(B) operation, maintenance, power, and replacement costs Incurred irrespective of the amount of Project Water delivered to the Contractors;
and

(C) operation, maintenance, power, and replacement costs Incurred in an amount which is dependent upon and varies with the amount of Project Water delivered to the Contractors;

provided that each of the above categories of costs shall be inclusive of the appropriate costs properly chargeable to the generation and transmission of electrical energy in connection with operation of Project Conservation Facilities. Each component of the Delta Water Charge for costs Incurred prior to the Billing Transition Date shall be computed on the basis of a rate which, when charged during the Project Repayment Period for each acre-foot of the sum of the yearly totals of Annual Table A Amounts of all Contractors, will be sufficient, together with that portion of the revenues derived prior to the Billing Transition Date from the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities which is allocated by the State to repayment of the respective category of costs, to return to the State during the Project Repayment Period all costs included in the respective category of costs covered by that component. Each such rate shall be computed in accordance with the following formula:

$$\frac{(c_1 - r_1)(1 + i)^{-1} + (c_2 - r_2)(1 + i)^{-2} + \dots + (c_n - r_n)(1 + i)^{-n}}{e_1(1 + i)^{-1} + e_2(1 + i)^{-2} + \dots + e_n(1 + i)^{-n}}$$

Where:

i = The Project Interest Rate.

- c = The total costs included in the respective category of costs and Incurred during the respective year of the Project Repayment Period (prior to the Billing Transition Date).
- r = That portion of the revenues derived from the sale or other disposal of electrical energy allocated by the State to repayment of the costs included in the respective category and Incurred during the respective year of the Project Repayment Period (prior to the Billing Transition Date).

1, 2, and n
appearing
below

c and r = The respective year of the Project Repayment Period during which the costs included in the respective category are Incurred, n being the last year of the Project Repayment Period.

e = With respect to the Capital Cost and minimum operation, maintenance, power, and replacement components, the total of Annual Table A Amounts of all Contractors for the respective year of the Project Repayment Period.

e = With respect to the variable operation, maintenance, power, and replacement component, the total of the amounts of Project Water delivered to all Contractors for the respective year of the expired portion of the Project Repayment Period, together with the total of Annual Table A Amounts of all Contractors for the respective year of the unexpired portion of the Project Repayment Period.

1, 2, and n
appearing
below

e = The respective year of the Project Repayment Period in which the Annual Table A Amounts or Project Water deliveries occur, n being the last year of the Project Repayment Period.

n used
as an

exponent = The number of years in the Project Repayment Period.

(4) *Determination of Charge Components.* The Capital Cost and minimum operation, maintenance, power, and replacement components of the Delta Water Charge for costs Incurred prior to the Billing Transition Date shall be the product of the appropriate rate computed under subdivision (a)(3) of this article and the Contractor's Annual Table A Amount for the respective year. The

variable operation, maintenance, and power component of the charge shall be the product of the appropriate rate computed under subdivision (a)(3) of this article and the number of acre-feet of Project Water delivered to the Contractor during the respective year; *provided*, that when Project Water has been requested by a Contractor and delivery thereof has been commenced by the State, and, through no fault of the State, such water is wasted as a result of failure or refusal by the Contractor to accept delivery thereof, such variable component during such period shall be the product of such rate per acre-foot and the sum of the number of acre-feet of Project Water delivered to the Contractor and the number of acre-feet wasted.

(5) *Redetermination of Rates.* The rates to be used in determining the components of the Delta Water Charge pursuant to subdivision (a)(4) of this article and to become effective on January 1, 1970, shall be computed by the State in accordance with subdivision (a)(3) of this article prior to that date. Such computation shall include an adjustment which shall account for the difference, if any, between revenues received by the State under the Delta Water Charge prior to January 1, 1970, and revenues which would have been received under the charge prior to that date had it been computed and charged in accordance with subdivisions (a)(3) and (4) of this article. Upon such computation, a document establishing such rates shall be prepared by the State and attached to this contract as an amendment of this article. The State shall recompute such rates each year thereafter, and each such recomputation shall take account of and reflect increases or decreases from year to year in projected costs, outstanding reimbursable indebtedness of the State Incurred to construct the Project Conservation Facilities described in subdivisions (c)(1) through (c)(3) of this article, Annual Table A Amounts, deliveries of Project Water, Project Interest Rate, revenues from the sale or other disposal of electrical energy, and all other factors which are determinative of such rates. In addition, each such recomputation shall include an adjustment of the rates for succeeding years which shall account for the differences, if any, between projections of costs used by the State in determining such rates for all preceding years, and actual costs Incurred by the State during such years. Upon each such recomputation, an appropriately revised copy of the document establishing such rates shall be prepared by the State and attached to this contract as an amendment of this article.

(6) *Water System Facility Revenue Bond Charges.* Notwithstanding provisions of Article 22(a)(1) through (5), the capital and the minimum operation, maintenance, power and replacement component of the Delta Water Charge for costs Incurred prior to the Billing Transition Date shall include an annual charge to recover the Agency's share of the portion of the Water System Facility Revenue Bond Financing Costs allocable to Project Conservation Facilities for Capital Costs Incurred prior to the Billing Transition Date. Charges to the Agency for these costs shall be calculated in accordance with Article 50(a).

(b) **Delta Water Charge for Costs Incurred On or After the Billing Transition Date.** The provisions of this subdivision (b) of this article shall apply only to costs Incurred on or after the Billing Transition Date.

(1) *Components of the Delta Water Charge for Costs Incurred On or After the Billing Transition Date.* The Delta Water Charge for costs Incurred on or after the Billing Transition Date shall consist of the following components as these are computed in accordance with subdivisions (b)(2) through (b)(4) of this article:

(A) Capital component,

(B) Minimum operation, maintenance, power, and replacement component, and

(C) Variable operation, maintenance, and power component.

(2) *Determination of Charge Components.* These three components of the Delta Water Charge for each calendar year, together with that portion of the revenues derived during such calendar year from the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities which is allocated by the State to repayment of the respective category of costs, shall return to the State during such calendar year the following categories, respectively, of the costs allocated pursuant to subdivisions (c)(1) through (c)(3) of this article to the purpose of water conservation in, above, and below the Delta.

(A) the capital component consisting of Capital Costs of Project Conservation Facilities to be recovered during such calendar year as and to the extent provided in subdivision (b)(3) of this article,

(B) the minimum operation, maintenance, power, and replacement component consisting of operation, maintenance, power, replacement costs of Project Conservation Facilities Incurred during such calendar year irrespective of the amount of Project Water delivered to the Contractors, and

(C) the variable operation, maintenance, and power component consisting of operation, maintenance, and power costs of Project Conservation Facilities Incurred during such calendar year in an amount

which is dependent upon and varies with the amount of Project Water delivered to the Contractors;

provided that each of the above categories of costs shall be inclusive of the appropriate costs properly chargeable to the generation and transmission of electrical energy in connection with operation of Project Conservation Facilities; and *provided further* that revenues generated in connection with the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities shall not reduce or be credited against charges pursuant to subdivision (b)(3)(D)(i) of this article (charges for Water System Facility Revenue Bond Financing Costs).

(3) *Categories of Capital Costs.*

(A) The amount of the capital component of the Delta Water Charge shall be determined in three steps as follows:

(i) first, an allocation to the Agency of Capital Costs of Project Conservation Facilities as provided in subdivisions (c)(1) through (c)(3) of this article,

(ii) second, a determination of the type and source of payment of each Capital Cost in accordance with subdivision (b)(3)(B) of this article, and

(iii) third, a computation of the annual payment to be made by the Agency as provided in subdivision (b)(3)(C) and (b)(3)(D) of this article.

(B) Annual Capital Costs of Project Conservation Facilities shall be divided into five categories of type and source of payment:

(i) Project Conservation Facility Capital Costs paid with the proceeds of Water System Facility Revenue Bonds,

(ii) Project Conservation Facility Capital Costs to be paid with the proceeds of Bonds issued under the Burns-Porter Bond Act,

(iii) Project Conservation Facility Capital Costs to be paid with amounts in the SWRDS Reinvestment Account,

(iv) Project Conservation Facility Capital Costs to be paid annually for assets that will have a short Economic Useful Life or the costs of which are not substantial, and

(v) Project Conservation Facility Capital Costs prepaid by the Agency.

(C) The projected amounts of Project Conservation Facility Capital Costs in each such category to be allocated annually to the Agency shall be determined by the State in accordance with the cost allocation principles and procedures set forth in subdivision (c)(1) through (c)(3) and (b)(6) of this article, which principles and procedures shall be controlling as to allocations of Capital Costs to the Agency; *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such projected amounts will be set forth in Table B by the State.

**TABLE B
PROJECTED ALLOCATIONS TO
SOLANO COUNTY WATER AGENCY
OF PROJECT CONSERVATION FACILITY CAPITAL COSTS INCURRED ON OR
AFTER THE BILLING TRANSITION DATE**

| Year | Projected Allocations in Thousands of Dollars | | | | |
|------|---|--|---|--|-----------------------------|
| | Costs to be Paid with Proceeds of Water System Facility Revenue Bonds | Costs to be Paid with the Proceeds of Bonds issued under the Burns-Porter Bond Act | Costs to be Paid with Amounts in the SWRDS Reinvestment Account | Costs to be Paid Annually for Assets That Will Have a Short Economic Useful Life or the Costs of which are Not Substantial | Costs Prepaid by the Agency |
| 1* | | | | | |
| 2 | | | | | |
| 3 | | | | | |

* Year commencing with the Billing Transition Date.

(D) The annual amount to be paid by the Agency under the capital component of the Delta Water Charge for each calendar year for costs Incurred on or after the Billing Transition Date shall consist of the following categories:

(i) Water System Facility Revenue Bonds: a charge determined in accordance with Article 50(b) to recover Water System Facility Revenue Bond Financing Costs Incurred during such calendar year that relate to the financing of Project Conservation Facilities,

(ii) Burns-Porter Act Bonds: a charge to recover the amount to be paid by the State of California during such calendar year in accordance with the Burns-Porter Bond Act for the principal of and interest on bonds issued under the Burns-Porter Bond Act on or after the Billing Transition Date for Project Conservation Facility Capital Costs,

(iii) SWRDS Reinvestment Account: a charge determined in accordance with subdivision (b)(5) of Article 61 to amortize Project Conservation Facility Capital Costs Incurred during prior calendar years (but not prior to the Billing Transition Date) that have been paid with amounts from the SWRDS Reinvestment Account, and

(iv) Capital Assets with Short Economic Life or Costs of which are Not Substantial: a charge to recover the Capital Costs to be Incurred during such calendar year of Project Conservation Facility assets with a short Economic Useful Life or the costs of which are not substantial as determined by the State and any such Capital Costs Incurred but not charged in the prior two calendar years.

(E) The projected amounts of each category of charges to be paid annually by the Agency under this capital component shall be determined by the State in accordance with the cost allocation principles and procedures set forth in this subdivision (b), which principles and procedures shall be controlling as to allocations of types of capital component charges to the Agency; *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such amounts are projected to be as set forth in Table C by the State.

TABLE C
PROJECTED CHARGES TO
SOLANO COUNTY WATER AGENCY
UNDER THE CAPITAL COMPONENT OF THE DELTA WATER CHARGE FOR
COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE

| Year | Projected Charges in Thousands of Dollars | | | |
|------|---|--|---|--|
| | Costs to be Paid with Proceeds of Water System Facility Revenue Bonds | Costs to be Paid with the Proceeds of Bonds issued under the Burns-Porter Bond Act | Costs to be Paid with Amounts in the SWRDS Reinvestment Account | Costs to be Paid Annually for Assets That Will Have a Short Economic Useful Life or the Costs of which are Not Substantial |
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |

* Year commencing with the Billing Transition Date.

(4) Minimum Operation, Maintenance, Power and Replacement Charge – Determination; Repayment Table.

The amount to be paid each year by the Agency under the minimum operation, maintenance, power, and replacement component of the Delta Water Charge shall be determined by the State in accordance with the cost allocation principles and procedures set forth in subdivision (b)(6)(A) of this article; *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such amounts are projected to be as set forth in Table D by the State.

TABLE D
DELTA WATER CHARGE -- ESTIMATED MINIMUM OPERATION, MAINTENANCE,
POWER AND REPLACEMENT COMPONENT FOR COSTS INCURRED ON OR
AFTER THE BILLING TRANSITION DATE
SOLANO COUNTY WATER AGENCY

| Year | Total Annual Payment by Agency |
|-------------|---------------------------------------|
| 1* | |
| 2 | |
| 3 | |
| 4 | |

* Year commencing with the Billing Transition Date.

*(5) Variable Operation, Maintenance and Power Charge—
Determination; Repayment Table.*

The amount to be paid each year by the Agency under the variable operation, maintenance and power component of the Delta Water Charge shall be determined by the State in accordance with the cost allocation principles and procedures set forth in subdivision (b)(6)(B) of this article; *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such amounts are projected to be as set forth in Table E by the State.

TABLE E
DELTA WATER CHARGE -- ESTIMATED VARIABLE OPERATION, MAINTENANCE
AND POWER COMPONENT FOR COSTS INCURRED ON OR AFTER THE BILLING
TRANSITION DATE
SOLANO COUNTY WATER AGENCY

| Year | Total Annual Payment by Agency |
|-------------|---------------------------------------|
| 1* | |
| 2 | |
| 3 | |
| 4 | |

* Year commencing with the Billing Transition Date.

(6) *Allocation of Charges to the Agency.*

(A) The capital and minimum operation, maintenance, and power components of the Delta Water Charge for each calendar year for costs Incurred on or after the Billing Transition Date shall be allocated to the Agency in proportion to the ratio of the Agency's Annual Table A Amount for such calendar year to the total of the Annual Table A Amounts for all Contractors for such calendar year.

(B) The variable operation, maintenance, and power component of the Delta Water Charge for each calendar year for costs Incurred on or after the Billing Transition Date shall be allocated to the Agency in proportion to the ratio of the number of acre-feet of Project Water delivered to the Agency during such calendar year to the number of acre-feet of Project Water delivered to all Contractors during such calendar year; *provided* that when Project Water has been requested by a Contractor and delivery thereof has been commenced by the State, and, through no fault of the State, such water is wasted as a result of failure or refusal by the Contractor to accept delivery thereof, such variable component during such period shall be calculated as if the number of acre-feet wasted had been delivered.

(7) *Delta Water Charge -- Repayment Schedule.*

The amounts to be paid by the Agency for each year on or after the Billing Transition Date under the Capital Cost component, minimum operation, maintenance, power and replacement component and the variable operation, maintenance, and power component of the Delta Water Charge shall be set forth by the State in Table F, which Table F shall constitute a summation of Tables C, D, and E; *provided* that each of the amounts set forth in Table F shall be subject to redetermination by the State in accordance with Article 28; *provided further*

that the principles and procedures set forth in this Article 22 shall be controlling as to such amounts. Such amounts shall be paid by the Agency in accordance with the provisions of Article 29.

TABLE F
REPAYMENT SCHEDULE -- DELTA WATER CHARGE FOR COSTS INCURRED ON
OR AFTER THE BILLING TRANSITION DATE
SOLANO COUNTY WATER AGENCY

| Year | Capital Cost Component | Minimum Component | Variable Component | Total |
|------|------------------------|-------------------|--------------------|-------|
| 1* | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |

* Year commencing with the Billing Transition Date.

(c) **Provisions Applicable to the Delta Water Charge for Costs Incurred Both Before and On or After the Billing Transition Date.** The provisions of this subdivision (c) shall be applicable to costs Incurred both prior to and on or after the Billing Transition Date.

(1) *Allocation of Costs to Project Purposes.*

(A) Prior to the time that Additional Project Conservation Facilities or Supplemental Conservation Facilities are constructed, the Delta Water Charge shall be determined on the basis of an allocation to project purposes, by the separable cost-remaining benefits method, of all actual and projected costs of all those Initial Project Conservation Facilities located in and above the Delta, and upon an allocation to the purposes of water conservation and water transportation, by the proportionate use of facilities method, of all actual and projected costs of the following Project Facilities located below the Delta: The aqueduct intake facilities at the Delta, Pumping Plant I (Harvey O. Banks Delta Pumping Plant), the aqueduct from the Delta to San Luis Forebay (O'Neill Forebay), San Luis Forebay (O'Neill Forebay), and San Luis Reservoir: *provided*, that all of the actual and projected costs properly chargeable to the generation and transmission of electrical energy in connection with operation of Project Conservation Facilities shall be allocated to the purpose of water conservation in, above, and below the Delta; *provided further*, that allocations to purposes the cost of which are to be paid by the United States shall be as determined by the United States.

(B) Wherever reference is made, in connection with the computation, determination, or payment of the Delta Water Charge, to the costs of any facility or facilities included in the System, such reference shall be only to those costs of such facility or facilities that are reimbursable by the Contractors as determined by the State.

(C) The State, in fixing and establishing prices, rates, and charges for water and power, shall include as a reimbursable cost of any state water project an amount sufficient to repay all costs incurred by the State, directly or by contract with other agencies, for the preservation of fish and wildlife and determined to be allocable to the costs of the project works constructed for the development of that water and power, or either. Costs incurred for the enhancement of fish and wildlife or for the development of public recreation shall not be included in the prices, rates, and charges for water and power, and shall be nonreimbursable costs. Such recreational purposes include, but are not limited to, those recreational pursuits generally associated with the out-of-doors, such as camping, picnicking, fishing, hunting, water contact sports, boating, and sightseeing, and the associated facilities of campgrounds, picnic areas, water and sanitary facilities, parking areas, viewpoints, boat launching ramps, and any others necessary to make project land and water areas available for use by the public. In administering this Contract "development of public recreation" shall include recreation capital and operation and maintenance.

(2) *Additional Conservation Facilities.* Commencing in the year in which the State first awards a major construction contract for construction of a major feature of Additional Project Conservation Facilities, or first commences payments under a contract with a federal agency in the event a major feature of Additional Project Conservation Facilities is constructed by such federal agency under an agreement requiring the State to pay all or part of the costs of such construction, the Delta Water Charge shall be determined on the basis of the foregoing allocations and upon an allocation to project purposes, by the separable costs-remaining benefits method and subject to the foregoing provisos, of all projected costs of such feature of the Additional Project Conservation Facilities; *provided*, that if the agreement with such federal agency allows repayment of costs of a portion of a facility to be deferred, the associated costs of such portion shall be excluded from the Delta Water Charge computations until repayment of such deferred costs or interest thereon is commenced by the State; *provided, further*, that all costs of Additional Project Conservation Facilities Incurred prior to the award of a major construction contract, shall be included in the Delta Water Charge computations in the year in which they are Incurred.

(3) *Supplemental Conservation Facilities.* Upon the construction of the Supplemental Conservation Facilities, the Delta Water Charge shall be paid by

all Contractors for Supplemental Water, as well as by Contractors for Project Water, and, together with revenues derived from the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities and Supplemental Conservation Facilities, shall return to the State, in addition to those costs of the Project Conservation Facilities allocated to the purpose of water conservation, in, above, and below the Delta pursuant to subdivision (c)(1) of this article, all costs of such Supplemental Conservation Facilities, including capital, operation, maintenance, power, and replacement costs which are allocated to the purpose of water conservation, in, above, and below the Delta pursuant hereto. Commencing in the year in which the State first awards a major construction contract for construction of a major feature of any Supplemental Conservation Facilities, or first commences payments under a contract with a federal agency in the event a major feature of Supplemental Conservation Facilities is constructed by such federal agency under an agreement requiring the State to pay all or part of the costs of such construction, the Delta Water Charge shall be determined on the basis of the allocations made pursuant to subdivision (c)(1) of this article, and upon an allocation to project purposes, by the separable costs-remaining benefits method and subject to provisos corresponding to those contained in such subdivision (c)(1), of all projected costs of such feature of the Supplemental Conservation Facilities. Commencing in the same year, the computation of the rates to be used in determining the components of the Delta Water Charge shall include the Annual Table A Amounts under all contracts for Supplemental Water. If the repayment period of any bonds sold to construct Supplemental Conservation Facilities or the repayment period under any agreement with a federal agency for repayment of the costs of Supplemental Conservation Facilities constructed by such federal agency extends beyond the repayment period of the contract, the Delta Water Charge shall be determined and redetermined on the basis of such extended repayment period as the State determines to be appropriate; *provided*, that if the agreement with such federal agency allows repayment of costs of a portion of a facility to be deferred, the associated costs of such portion shall be excluded from the Delta Water Charge computations until repayment of such deferred costs or interest thereon is commenced by the State.

(4) *Local Projects.* The determination of the Delta Water Charge shall be made by including the appropriate costs and quantities of water, calculated in accordance with subdivisions (a) and (b) above, for all Additional Project Conservation Facilities as defined in Article 1(a). In the event a Local Project as defined in Article 1(a)(2) will, pursuant to written agreement between the State and the sponsoring Contractor, be considered and treated as an Additional Project Conservation Facility for less than the estimated life of the facility, the Delta Water Charge will be determined on the basis of that portion of the appropriate cost and water supply associated with such facility as the period of time during which such facility shall be considered as an Additional Project Conservation Facility bears to the estimated life of such facility. No costs for the construction or implementation of any Local Project are to be included in the

Delta Water Charge unless and until the written agreement required by Article 1(a) has been entered into.

(5) *Water Purchased By the State.* In calculating the Delta Water Charge under subdivisions (a) and (b) of this article, the component for operation, maintenance, power and replacement costs shall include, but not be limited to, all costs to the State Incurred in purchasing water, which is competitive with alternative sources as determined by the State, for delivery as Project Water.

(6) *Replacement Cost Treatment.* Replacement costs of Project Conservation Facilities shall be treated as either Capital Costs or as minimum operation, maintenance, power, and replacement costs, as determined by the State considering the Economic Useful Life of the asset being replaced and other relevant factors.

23. TRANSPORTATION CHARGE.

The payments to be made by each Contractor shall include an annual charge designated as the Transportation Charge, which shall be separately stated and calculated for costs Incurred prior to the Billing Transition Date and costs Incurred on or after the Billing Transition Date.

(a) **Transportation Charge for Costs Incurred Prior to the Billing Transition Date.** The provisions of this subdivision (a) and Articles 24(a) and (c), 25 and 26 shall apply to costs Incurred prior to the Billing Transition Date.

(1) *Recovery of Costs of Project Transportation Facilities.* The Transportation Charge for costs Incurred prior to the Billing Transition Date shall return to the State during the Project Repayment Period such costs of all Project Transportation Facilities necessary to deliver Project Water to the Contractor and which are allocated to the Contractor in accordance with the cost allocation principles and procedures hereinafter set forth.

(2) *Components of Transportation Charge for Costs Incurred Prior to the Billing Transition Date.* The Transportation Charge for costs Incurred Prior to the Billing Transition Date shall consist of a capital component; a minimum operation, maintenance, power, and replacement component; and a variable operation, maintenance and power component, as these components are defined in and determined under Articles 24(a) and (c), 25, and 26, respectively.

(b) **Transportation Charge for Costs Incurred On or After the Billing Transition Date.** The provisions of this subdivision (b) and Articles 24(b) and (c), 25 and 26 shall apply to costs Incurred on or after the Billing Transition Date.

(1) *Recovery of Costs of Project Transportation Facilities.* The Transportation Charge for costs Incurred on or after the Billing Transition Date shall return to the State during each such calendar year all costs which are Incurred on or after the Billing Transition Date of all Project Transportation Facilities necessary to deliver Project Water to the Agency and which are allocated to the Agency in accordance with the cost allocation principles and procedures hereinafter set forth.

(2) *Components of Transportation Charge.* The Transportation Charge for costs Incurred on or after the Billing Transition Date shall consist of a capital component; a minimum operation, maintenance, and power component; and a variable operation, maintenance, and power component, as these components are defined in and determined under Articles 24(b) and (c), 25, and 26, respectively.

(c) **Segregation of Aqueduct Reaches for All Transportation Charge Purposes.** For the purpose of allocations of costs among Contractors pursuant to

subdivisions (a) and (b) of this article, and Articles 24, 25 and 26, the Project Transportation Facilities shall be segregated into such aqueduct reaches as are determined by the State to be necessary for such allocations of costs. Subject to such modifications as are determined by the State to be required by reason of any request furnished by the Agency to the State pursuant to Article 17(a) of this contract, or by reason of contracts entered into by the State with other Contractors, the aqueduct reaches of the Project Transportation Facilities, a portion of the costs of which may be allocated to the Agency, are established as provided in Table G; *provided* that those costs of the aqueduct reaches from the Delta through the outlet of San Luis Reservoir which are allocated to the purpose of water conservation in, above, and below the Delta for the purpose of determining the Delta Water Charge, as hereinbefore set forth, shall not be included in the Transportation Charge.

TABLE G
PROJECT TRANSPORTATION FACILITIES NECESSARY TO DELIVER WATER TO
SOLANO COUNTY WATER AGENCY

| Aqueduct Reach | Major Features of Reach |
|---|--|
| Barker Slough thru Fairfield/Vacaville Turnout | Intake Channel Fish Protective Facilities Barker Slough Pumping Plant Aqueduct |
| Fairfield/Vacaville Turnout to Cordelia Forebay | Aqueduct |
| Cordelia Forebay thru Benicia and Vallejo Turnouts | Cordelia Forebay (Solano portion) Cordelia Pumping Plant (Solano portion) Aqueduct |

(This table was labeled Table I in original contract provisions)

(d) Provisions Applicable to the Transportation Charge for Costs Incurred Both Before and On or After the Billing Transition Date.

(1) Wherever reference is made, in connection with the computation, determination, or payment of the Transportation Charge, to the allocation or payment of costs of any facility or facilities included in the System, such reference shall be only to those costs of such facility or facilities which are reimbursable by the Contractors as determined by the State.

(2) The State, in fixing and establishing prices, rates, and charges for water and power, shall include as a reimbursable cost of any state water project an amount sufficient to repay all costs incurred by the State, directly or by contract with other agencies, for the preservation of fish and wildlife and determined to be allocable to the costs of the project works constructed for the development of that water and power, or either. Costs incurred for the enhancement of fish and wildlife or for the development of public recreation shall not be included in the prices, rates, and charges for water and power, and shall be nonreimbursable costs. Such recreational purposes include, but are not limited to, those recreational pursuits generally associated with the out-of-doors, such as camping, picnicking, fishing, hunting, water contact sports, boating, and sightseeing, and the associated facilities of campgrounds, picnic areas, water and sanitary facilities, parking areas, viewpoints, boat launching ramps, and any others necessary to make project land and water areas available for use by the public. In administering this Contract "development of public recreation" shall include recreation capital and operation and maintenance.

24. TRANSPORTATION CHARGE -- CAPITAL COMPONENTS.

(a) Transportation Charge Capital Component for Costs Incurred Prior to the Billing Transition Date. The provisions of this subdivision (a) shall apply only to Capital Costs Incurred prior to the Billing Transition Date.

(1) Recovery of Capital Costs of Project Transportation Facilities Incurred Prior to the Billing Transition Date. The amount of the capital component of the Transportation Charge for Capital Costs Incurred prior to the Billing Transition Date shall be determined in two steps as follows:

(A) first, an allocation of such costs to the Contractor in accordance with subdivision (a)(2) of this article, and

(B) second, a computation of annual payments to be made by the Contractor of such allocated costs and interest thereon, computed at the Project Interest Rate in accordance with subdivision (a)(3) of this article.

(2) Allocation of Capital Costs of Project Transportation Facilities Incurred Prior to the Billing Transition Date. The total amount of Capital Costs Incurred prior to the Billing Transition Date of each aqueduct reach to be returned to the State shall be allocated among all Contractors entitled to delivery of Project Water from or through such reach by the proportionate use of facilities method of cost allocation and in accordance with Article 23(c) and subdivision (c)(1) of this article.

The projected amounts of Capital Costs to be allocated annually to the Agency under the capital component of the Transportation Charge shall be determined by the State in accordance with the cost allocation principles and procedures set forth in this subdivision (a) and subdivision (c)(1) of this article, which principles and procedures shall be controlling as to allocations of Capital Costs to the Agency. Such amounts will be set forth in Table H by the State as soon as designs and cost estimates are prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of Project Water to the Agency, pursuant to Article 17(a), *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28.

TABLE H
PROJECTED ALLOCATIONS OF CAPITAL COSTS INCURRED PRIOR TO THE
BILLING TRANSITION DATE OF
PROJECT TRANSPORTATION FACILITIES TO
SOLANO COUNTY WATER AGENCY

| Year | Projected Allocation in Thousands of Dollars |
|-------------|---|
| 1* | |
| 2 | |
| 3 | |
| 4 | |

* Year in which State commences construction of Project Transportation Facilities.
(This table was labeled Table C in original contract provisions)

(3) *Determination of Capital Component of Transportation Charge for Costs Incurred Prior to the Billing Transition Date.* The Agency's annual payment of its allocated Capital Costs Incurred prior to the Billing Transition Date and interest thereon, computed at the Project Interest Rate and compounded annually, shall be determined in accordance with a repayment schedule established by the State and determined in accordance with the principles set forth in (A), (B), and (C) below, which principles shall be controlling as to the Agency's payment of its allocated Capital Costs. The Agency's repayment schedule will be set forth in Table I by the State as soon as designs and cost estimates are prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of Project Water to the Agency, pursuant to Article 17(a); *provided* that the amounts set forth in Table I shall be subject to redetermination by the State, pursuant to Article 28.

(A) The Agency's annual payment shall be the sum of the amounts due from the Agency on the Agency's allocated Capital Costs for the then current year and for each previous year where each such amount will pay, in not more than fifty (50) equal annual installments of principal and interest, the Agency's allocated Capital Costs for the respective year and interest thereon, computed at the Project Interest Rate and compounded annually.

(B) The Agency may make payments at a more rapid rate if approved by the State.

(C) Such annual Transportation Charge payments shall cease when all allocated Capital Costs and interest thereon, computed at the Project Interest Rate and compounded annually, are repaid.

TABLE I
TRANSPORTATION CHARGE FOR COSTS INCURRED PRIOR TO THE BILLING
TRANSITION DATE -- CAPITAL COST COMPONENT
SOLANO COUNTY WATER AGENCY
(In Thousands of Dollars)

| Year | Annual Payment of Principal | Annual Interest Payment | Total Annual Payment by Agency |
|-------------|------------------------------------|--------------------------------|---------------------------------------|
| 1* | | | |
| 2** | | | |
| 3 | | | |
| 4 | | | |

* Year in which State commences construction of Project Transportation Facilities.

** Year of first payment.

(This table was labeled Table D in original contract provisions)

(4) Notwithstanding provisions of subdivisions 24(a)(1) through (a)(3) of this article, the capital component of the Transportation Charge for costs Incurred prior to the Billing Transition Date shall include an annual charge to recover the Agency's share of the portion of Water System Facility Revenue Bond Financing Costs allocable to Project Transportation Facilities. Charges to the Agency for these costs shall be calculated in accordance with Article 50(a).

(5) *Costs Incurred Prior to Date of Contract.* The Agency's allocated capital costs for the year preceding the year of initial payment of the capital component of the Transportation Charge, pursuant to subdivision 24(a)(3) of this article, shall consist of the sum of the Agency's allocated capital costs for each year through such year preceding the year of initial payment, and interest thereon, computed at the project interest rate and compounded annually.

(b) **Transportation Charge Capital Component for Costs Incurred On or After the Billing Transition Date.** The provisions of this subdivision (b) shall apply only to Capital Costs Incurred on or after the Billing Transition Date.

(1) The amount of the capital component of the Transportation Charge for costs Incurred on or after the Billing Transition Date shall be determined in three steps as follows:

(A) first, an allocation of Capital Costs to the Contractor as provided in subdivision (b)(2) of this article,

(B) second, a determination of the type and source of payment of each Capital Cost as provided in subdivision (b)(3) of this article, and

(C) third, a computation of the annual payment to be made by the Contractor as provided in subdivision (b)(4) and (b)(5) of this article.

(2) The total amount of Capital Costs of each aqueduct reach to be returned to the State under the Transportation Charge for costs Incurred on or after the Billing Transition Date shall be allocated among all Contractors entitled to delivery of Project Water from or through the reach by the proportionate use of facilities method of cost allocation and in accordance with Article 23(c) and subdivision (c)(1) of this article.

(3) Annual Capital Costs of Project Transportation Facilities shall be divided into five categories of type and source of payment:

(A) Project Transportation Facility Capital Costs paid with the proceeds of Water System Facility Revenue Bonds,

(B) Project Transportation Facility Capital Costs paid with the proceeds of bonds issued under the Burns-Porter Bond Act,

(C) Project Transportation Facility Capital Costs paid with amounts in the SWRDS Reinvestment Account,

(D) Project Transportation Facility Capital Costs paid annually for assets that will have a short Economic Useful Life or the costs of which are not substantial, and

(E) Project Transportation Facility Capital Costs prepaid by the Agency.

The projected amounts of Project Transportation Facility Capital Costs of each type to be allocated annually to the Agency shall be determined by the State in accordance with the cost allocation principles and procedures set forth in Article 23(c)(1) through (c)(3) and this subdivision (b)(3), which principles and procedures shall be controlling as to allocations of each type of Capital Costs to the Agency; *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such projected amounts will be set forth in Table J by the State.

**TABLE J
PROJECTED ALLOCATIONS TO
SOLANO COUNTY WATER AGENCY
OF PROJECT TRANSPORTATION FACILITY CAPITAL COSTS INCURRED ON OR
AFTER THE BILLING TRANSITION DATE**

| Year | Allocations in Thousands of Dollars | | | | |
|------|---|--|---|--|-----------------------------|
| | Costs to be Paid with Proceeds of Water System Facility Revenue Bonds | Costs to be Paid with the Proceeds of Bonds issued under the Burns-Porter Bond Act | Costs to be Paid with Amounts in the SWRDS Reinvestment Account | Costs to be Paid Annually for Assets That Will Have a Short Economic Useful Life or the Costs of which are Not Substantial | Costs Prepaid by the Agency |
| 1* | | | | | |
| 2 | | | | | |
| 3 | | | | | |

* Year commencing with the Billing Transition Date

(4) The capital component of the Transportation Charge for a calendar year for costs Incurred on or after the Billing Transition Date shall consist of the following to the extent the related Capital Costs are allocated to the Agency:

(A) Water System Facility Revenue Bond: a charge determined in accordance with Article 50(b) to recover Water System Facility Revenue Bond Financing Costs Incurred during such calendar year that relate to the financing of Water System Facilities that are Project Transportation Facilities,

(B) Burns-Porter Act Bonds: a charge to recover the amount to be paid by the State of California during such calendar year in accordance with the Burns-Porter Bond Act for the principal of and interest on bonds issued under the Burns-Porter Bond Act on or after the Billing Transition Date for Project Transportation Facility Capital Costs,

(C) SWRDS Reinvestment Account: a charge determined in accordance with subdivision (b)(5) of Article 61 to amortize Project Transportation Facility Capital Costs Incurred during prior calendar years

(but not prior to the Billing Transition Date) that have been paid with amounts from the SWRDS Reinvestment Account, and

(D) Capital Assets with Short Economic Life or Costs of which are Not Substantial: a charge to recover the Capital Costs to be Incurred during such calendar year of Project Transportation Facility assets with a short Economic Useful Life or the costs of which are not substantial as determined by the State and any such Capital Costs Incurred but not charged in the prior two calendar years,

(5) *Projected Charges.* The projected amounts of the charges to be allocated annually to the Agency under the capital component of the Transportation Charge for costs Incurred on or after the Billing Transition Date shall be determined by the State in accordance with the cost allocation principles and procedures set forth in this Article, which principles and procedures shall be controlling as to allocations of capital component charges to the Agency; *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such amounts are projected to be as set forth in Table K by the State.

**TABLE K
PROJECTED CHARGES UNDER THE CAPITAL COMPONENT
OF THE TRANSPORTATION CHARGE FOR COSTS INCURRED ON OR AFTER THE
BILLING TRANSITION DATE TO
SOLANO COUNTY WATER AGENCY**

| Year | Projected Charges in Thousands of Dollars | | | |
|------|---|--|---|--|
| | Costs to be Paid with Proceeds of Water System Facility Revenue Bonds | Costs to be Paid with the Proceeds of Bonds issued under the Burns-Porter Bond Act | Costs to be Paid with Amounts in the SWRDS Reinvestment Account | Costs to be Paid Annually for Assets That Will Have a Short Economic Useful Life or the Costs of which are Not Substantial |
| 1* | | | | |
| 2 | | | | |
| 3 | | | | |

* Year commencing with the Billing Transition Date.

(c) **Provisions Applicable to the Transportation Charge For Costs Incurred Both Prior To and On or After the Billing Transition Date.** The provisions of this subdivision (c) shall be applicable to Capital Costs Incurred both prior to and on or after the Billing Transition Date.

(1) *Proportionate Use Factors.* The measure of the proportionate use by each Contractor of each reach shall be the average of the following two ratios:

(A) the ratio of the Contractor's Maximum Annual Table A Amount to be delivered from or through the reach to the total of the Maximum Annual Table A Amounts of all Contractors to be delivered from or through the reach from the year in which charges are to be paid through the end of the Project Repayment Period, and

(B) the ratio of the capacity provided in the reach for the transport and delivery of Project Water to the Contractor to the total capacity provided in the reach for the transport and delivery of Project Water to all Contractors served from or through the reach from the year in which charges are to be paid through the end of the Project Repayment Period.

Allocations of Capital Costs to the Agency pursuant hereto shall be on the basis of relevant values which will be set forth in Table L by the State as soon as designs and cost estimates are prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach of the Project Transportation Facilities for the transport and delivery of Project Water to the Agency, pursuant to Article 17(a); *provided* that these values shall be subject to redetermination by the State in accordance with Article 28; *provided further* that the principles and procedures set forth in this subdivision shall be controlling as to allocations of Capital Costs to the Agency. Proportionate use of facilities factors for prior years shall not be adjusted by the State in response to changes or transfers of Table A Amounts among Contractors unless otherwise agreed by the State and the parties to the transfer and unless there is no impact on past charges or credits of other Contractors.

TABLE L

[TABLE L shall set forth the relevant values that shall serve as the basis for allocation of all Transportation Charge Costs]

(This table was labeled Table B in original contract provisions)

(2) *Determinations Using Proportionate Use Factors.* The total amount in each category of Capital Costs allocated to a Contractor shall be the sum of the products obtained when there is multiplied, for each aqueduct reach necessary to deliver water to the Contractor, the total amount of the Capital Costs of the reach in that category to be returned to the State under the Transportation Charge by the average of the two foregoing ratios for such reach as such average is set forth in the appropriate table included in its contract.

(3) *Excess Capacity.* In the event that excess capacity is provided in any aqueduct reach for the purpose of making Project Water available in the future to an agency or agencies with which the State has not executed contracts at the time of any allocation of costs pursuant to this subdivision, the prospective Maximum Annual Table A Amount or Amounts to be supplied by such excess capacity, as determined by the State, shall be deemed to be contracted for by such agency or agencies for the purpose of such allocation of costs, to the end that the Capital Costs of providing such excess capacity are not charged to any Contractor entitled by virtue of an executed contract to the delivery of Project Water from or through that aqueduct reach at the time of such allocation. Where additional capacity is provided in any aqueduct reach to compensate for loss of water due to evaporation, leakage, seepage, or other causes, or to compensate for scheduled outages for purposes of necessary investigation, inspection, maintenance, repair or replacement of the facilities of the Project Facilities, then, for the purpose of any allocation of costs pursuant to this subdivision:

(A) the Maximum Annual Table A Amount to be delivered from or through the reach of each Contractor entitled to delivery of Project Water from or through the reach shall be increased by an amount which bears the same proportion to the maximum annual delivery capability provided by such additional capacity that the Contractor's Maximum Annual Table A Amount to be delivered from or through the reach bears to the total of the Maximum Annual Table A Amounts to be delivered from or through the reach under all contracts; and

(B) the capacity provided in the reach for each Contractor entitled to delivery of Project Water from or through the reach shall be increased in the same proportion that the Contractor's Maximum Annual Table A Amount to be delivered from or through the reach is increased pursuant to (A) above.

(4) *Power Facilities.* The Capital Costs of project aqueduct power recovery plants shall be charged and allocated in accordance with this Article 24.

The Capital Costs of off-aqueduct power facilities shall be charged and allocated in accordance with Article 25(d).

(5) *Capital Costs of Excess Capacity.* In the event that any Contractor, pursuant to Article 12(b), requests delivery capacity in any aqueduct reach which will permit maximum monthly deliveries to such Contractor in excess of the percentage amounts specified in such Article 12(b) for the uses designated therein, such Contractor shall furnish to the State, in advance of the construction of such aqueduct reach, funds sufficient to cover the costs of providing such excess capacity, which funds shall be in an amount which bears the same proportion to the total Capital Costs of such reach, including the costs of providing such excess capacity, as such excess capacity bears to the total capacity of such reach, including such excess capacity. For the purpose of any allocation of costs pursuant to subdivision (c)(1) of this article, the total Capital Costs of such aqueduct reach shall be allocated among all Contractors entitled to delivery of Project Water from or through the reach in the following manner:

(A) The costs which would have been Incurred for such reach had no such excess capacity been provided shall be estimated by the State and allocated among all such Contractors in the manner provided in such subdivision (c)(1); and

(B) the amount of the difference between such estimated costs and the projected actual costs of such reach shall be allocated to the Contractor or Contractors for which such excess capacity is provided.

Where such excess capacity is provided for more than one Contractor, the costs allocated to them under (B) above shall be further allocated between or among them in amounts which bear the same proportion to the total of such allocated costs as the amount of such excess capacity provided for the respective Contractor bears to the total of such excess capacity provided in such reach. In the event that the funds advanced by a Contractor pursuant to this subdivision are more or less than the costs so allocated to such Contractor under (B) above, the account of such Contractor shall be credited or debited accordingly.

(6) *Replacement Cost Treatment.* Replacement costs of Project Transportation Facilities shall be treated as either Capital Costs or as minimum operation, maintenance, power and replacement costs, as determined by the State considering the Economic Useful Life of the asset being replaced and other relevant factors.

25. TRANSPORTATION CHARGE -- MINIMUM OPERATION, MAINTENANCE, POWER, AND REPLACEMENT COMPONENT.

The provisions of this article shall apply to costs incurred both prior to and on or after the Billing Transition Date.

(a) **Purpose.** The minimum operation, maintenance, power, and replacement component of the Transportation Charge shall return to the State those costs of the Project Transportation Facilities necessary to deliver water to the Contractor which constitute operation, maintenance, power, and replacement costs Incurred irrespective of the amount of Project Water delivered to the Contractor and which are allocated to the Contractor pursuant to subdivision (b) of this article; *provided* that to the extent permitted by law, the State may establish reserve funds to meet anticipated minimum replacement costs; and deposits in such reserve funds by the State: (1) shall be made in such amounts that such reserve funds will be adequate to meet such anticipated costs as they are incurred, and (2) shall be deemed to be a part of the minimum replacement costs for the year in which such deposits are made.

(b) **Allocation.** The total projected minimum operation, maintenance, power, and replacement costs of each aqueduct reach of the Project Transportation Facilities for the respective year shall be allocated among all Contractors entitled to delivery of Project Water from such facilities by the proportionate use of facilities method of cost allocation, in the same manner and upon the same bases as are set forth for the allocation of Capital Costs in subdivisions (c)(1) through (c)(3) of Article 24; *provided* that such minimum operation, maintenance, power, and replacement costs as are Incurred generally for the Project Transportation Facilities first shall be allocated to each aqueduct reach in an amount which bears the same proportion to the total amount of such general costs that the amount of the costs Incurred directly for the reach bears to the total of all direct costs for all aqueduct reaches.

(c) **Determination; Repayment Table.** The amount to be paid each year by the Agency under the minimum operation, maintenance, power, and replacement component of the Transportation Charge shall be determined in accordance with subdivision (b) of this article on the basis of the relevant values to be set forth for the respective aqueduct reaches in Table L, included in Article 24; *provided* that these values shall be subject to redetermination by the State in accordance with Article 28. Such amounts and any appropriate interest thereon for costs incurred prior to the Billing Transition Date shall be set forth by the State in Table M as soon as designs and cost estimates have been prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of Project Water to the Agency, pursuant to Article 17(a); *provided* that the amounts set forth in Table M shall be subject to redetermination by the State in accordance with Article 28.

TABLE M
TRANSPORTATION CHARGE -- MINIMUM OPERATION MAINTENANCE, POWER,
AND REPLACEMENT COMPONENT
SOLANO COUNTY WATER AGENCY

| Year | Total Annual Payment by Agency* |
|-------------|--|
| 1** | |
| 2 | |
| 3 | |
| 4 | |

* Payment shall start with respect to each aqueduct reach in the year following the year in which the State completes construction of the respective reach.

** Year in which the State commences construction of Project Transportation Facilities.

(This table was labeled Table E in original contract provisions)

(d) **Off-Aqueduct Power Facilities.** Notwithstanding the provisions of subdivisions (a) through (c) of this Article or of Article 1(h), the costs of off-aqueduct power facilities shall be determined and allocated as follows:

(1) The off-aqueduct power costs shall include all annual costs the State incurs for any off-aqueduct power facility, which shall include, but not be limited to, power purchases, annual Financing Costs, and associated operation and maintenance costs of such facility, less any credits, interest earnings, or other monies received by the State in connection with such facility or Revenue Bonds issued to finance the Capital Costs of such facility. In the event the State finances all or any part of an off-aqueduct power facility directly from funds other than bonds or borrowed funds, in lieu of such annual principal and interest payments, the repayment of Capital Costs as to that part financed by such other funds shall be determined on the basis of the schedule that would have been required under Article 24.

(2) The annual costs of off-aqueduct power facilities as computed in (1) above shall initially be allocated among Contractors in amounts which bear the same proportions to the total amount of such power costs that the total estimated electrical energy (kilowatt hours) required to pump through Project Transportation Facilities the desired delivery of Annual Table A Amounts for that year, as submitted pursuant to Article 12(a)(1) and as may be modified by the State pursuant to Article 12(a)(2), bears to the total estimated electrical energy

(kilowatt hours) required to pump all such amounts for all Contractors through Project Transportation Facilities for that year, all as determined by the State.

(3) An interim adjustment in the allocation of the power costs calculated in accordance with (2) above, may be made in May of each year based on April revisions in approved schedules of deliveries of project and nonproject water for Contractors for such year. A further adjustment shall be made in the following year based on actual deliveries of project and nonproject water for Contractors; *provided, however*, that in the event no deliveries are made through a pumping plant, the adjustments shall not be made for that year at that plant.

(4) To the extent the monies received or to be received by the State from all Contractors for off-aqueduct power costs in any year are determined by the State to be less than the amount required to pay the off-aqueduct power costs in such year, the State may allocate and charge that amount of off-aqueduct power costs to the Agency and other Contractors in the same manner as costs under the capital component of the Transportation Charge are allocated and charged. After that amount has been so allocated, charged and collected, the State shall provide a reallocation of the amounts allocated pursuant to this paragraph (4), such reallocation to be based on the allocations made pursuant to (2) and (3) above for that year, or in the event no such allocation was made for that year, on the last previous allocation made pursuant to (2) and (3) above. Any such reallocation of costs incurred prior to the Billing Transition Date shall include appropriate interest thereon at the Project Interest Rate.

(e) The total minimum operation, maintenance, power and replacement component due that year from each Contractor shall be the sum of the allocations made under the proportionate use of facilities method provided in subdivision (b) of this article and the allocations made pursuant to subdivision (d) of this article for each Contractor.

26. TRANSPORTATION CHARGE -- VARIABLE OPERATION, MAINTENANCE AND POWER COMPONENT.

The provisions of this article shall apply to costs Incurred both prior to and on or after the Billing Transition Date.

(a) **Purpose.** The variable operation, maintenance, and power component of the Transportation Charge shall return to the State those costs of the Project Transportation Facilities necessary to deliver water to the Contractor which constitute operation, maintenance, power and replacement costs Incurred in an amount which is dependent upon and varies with the amount of Project Water delivered to the Contractor and which are allocated to the Contractor pursuant to (1) and (2) below; *provided* that to the extent permitted by law, the State may establish reserve funds to meet anticipated variable replacement costs; and deposits in such reserve funds by the State: (1) shall be made in such amounts that such reserve funds will be adequate to meet such anticipated costs as they are incurred, and (2) shall be deemed to be a part of the variable replacement costs for the year in which such deposits are made.

(b) **Determination.** The amount of this variable operation, maintenance, and power component shall be determined as follows:

(1) *Determination of Charge Per Acre-Foot.* There shall be computed for each calendar year for each aqueduct reach of the Project Transportation Facilities a charge per acre-foot of water which will return to the State the total projected variable operation, maintenance and power costs of the reach for such calendar year. This computation shall be made by dividing such total by the number of acre-feet of Project Water estimated to be delivered from or through the reach to all Contractors during the year.

(2) *Determination of Charge Per Reach to the Contractor.* The amount of the variable component shall be the product of the sum of the charges per acre-foot of water, determined under (1) above, for each aqueduct reach necessary to deliver water to the Contractor, and the number of acre-feet of Project Water delivered to the Contractor during the year through such reach; *provided* that when Project Water has been requested by a Contractor and delivery thereof has been commenced by the State, and, through no fault of the State, such water is wasted as a result of failure or refusal by the Contractor to accept delivery thereof, the amount of such variable component to be paid by such Contractor during such period shall be the product of the above sum and the sum of the number of acre-feet of Project Water delivered to the Contractor and the number of acre-feet wasted.

(c) **Credit Relating to Project Aqueduct Power Recovery Plants.** There shall be credited against the amount of the variable operation, maintenance, and power component to be paid by each Contractor, as determined pursuant to subdivision (a) of this article, a portion of the projected net value of any power recovered during the

respective year at project aqueduct power recovery plants located upstream on the particular aqueduct reach from the delivery structures for delivery of Project Water to the Contractor. Such portion shall be in an amount which bears the same proportion to such projected net value that the number of acre-feet of Project Water delivered to the Contractor through such plants during the year bears to the number of acre-feet of Project Water delivered to all Contractors through such plants during the year.

(d) **Determination of Total Variable Component Charge.** The amount to be paid each year by the Agency under the variable operation, maintenance, and power component of the Transportation Charge shall be determined in accordance with subdivision (a) of this article for the respective aqueduct reaches in Table L included in Article 24. Such amounts and any appropriate interest thereon for costs incurred prior to the Billing Transition Date shall be set forth by the State in Table N as soon as designs and cost estimates are prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of Project Water to the Agency, pursuant to Article 17(a); *provided* that the amounts set forth in Table N shall be subject to redetermination by the State in accordance with Article 28.

**TABLE N
TRANSPORTATION CHARGE -- ESTIMATED VARIABLE OPERATION,
MAINTENANCE, AND POWER COMPONENT
SOLANO COUNTY WATER AGENCY**

| Year | Total Annual Payment by Agency* |
|-------------|--|
| 1** | |
| 2 | |
| 3 | |
| 4 | |

* Payments start with year of initial water delivery.

** Year in which the State commences construction of the Project Conservation Facilities.

(This table was labeled Table F in original contract provisions)

26.1. TRANSPORTATION OF CITY OF VALLEJO PERMIT WATER.

(a) **Definition.** As used in this contract, "Vallejo permit water" shall mean non-project water, subject to a water right claimed by the City of Vallejo, that is transported by the State through the North Bay Aqueduct from Barker Slough to delivery structures for delivery to the City of Vallejo.

(b) **Vallejo Permit Water.** The State shall transport in the North Bay Aqueduct Vallejo permit water for the Agency when it is available under an independent water right claimed by the City of Vallejo. Such water shall be delivered at a flow rate not to exceed 31.52 cubic feet per second and the annual quantity shall not exceed 17,287 acre-feet. Responsibilities for the delivery and distribution of Vallejo permit water shall be the same as are described in Article 13 for project water.

(c) **Water Right.** The Agency shall obtain from the City of Vallejo and transmit to the State information as to when Vallejo permit water is available and permission from Vallejo for the State to divert Vallejo permit water and transport it through the North Bay Aqueduct.

(d) **Schedules.** Schedules for the delivery of Vallejo permit water shall be submitted separately along with the schedules for project water required under Article 12(a).

(e) **Variable Operation, Maintenance, and Replacement Charge.** The Agency shall pay a variable operation, maintenance, and replacement charge determined by the State for pumping Vallejo permit water through North Bay Aqueduct pumping plants.

(f) **Power for Pumping Vallejo Permit Water.** Project power shall not be used for pumping Vallejo permit water. Power for this purpose shall be provided by the Agency or the City of Vallejo without cost to the State.

(g) **Advance Payments for Vallejo Permit Water.** The Agency shall make advance payments to the State under the capital cost component of the Transportation Charge for the costs estimated by the State to be necessary for enlarging the North Bay Aqueduct to have sufficient capacity to transport Vallejo permit water in addition to all the planned deliveries of project water. The amounts and times of such advance payments shall be as follows:

\$1,111,900 by January 1, 1986
\$ 990,800 by July 1, 1986
\$ 938,000 by January 1, 1987
\$ 885,500 by July 1, 1987

Amounts so advanced shall be credited to the capital cost component of the Transportation Charge allocated to the Agency.

26.2. EXCESS PEAKING CAPACITY.

(a) **Enlargement of Capacity and Additional Pump Bay.** In order to provide the 1,207 acre-feet per month of excess peaking capacity referred to in subsection (c)(1) of Article 12, the State shall make the necessary enlargement of the North Bay Aqueduct and construct an additional bay for a large-size pump.

(b) **Payments for Excess Peaking Capacity.** Notwithstanding the payment provisions of Article 24(c)(5), the Agency shall pay to the State the incremental capital costs of excess peaking capacity requested by the Agency over and above the capacity added for Vallejo permit water. If a combined delivery structure serving the cities of Fairfield and Vacaville is located within 150 feet of Vanden Road, the amounts and times of such payments shall be as follows:

\$ 36,600 by January 1, 1986
\$ 92,300 by July 1, 1986
\$ 102,000 by January 1, 1987
\$ 97,000 by July 1, 1987

If the delivery structure(s) for the cities of Fairfield and Vacaville is (are) located elsewhere, the State shall redetermine the amounts of the foregoing payments.

(c) **Additional Pump.** The State shall, on the request of the Agency, procure and install a large-size plump in the additional bay referred to in subdivision (a) of this article. The Agency shall pay all the costs thereof on a schedule to be determined at the time the Agency makes its request.

27. TRANSPORTATION CHARGE -- REPAYMENT SCHEDULE.

The amounts to be paid by the Agency for each year under the Capital Cost and minimum operation, maintenance, power, and replacement components of the Transportation Charge, and under the variable operation, maintenance, and power component of such charge on the basis of then estimated deliveries, shall be set forth by the State in Table O as soon as designs and cost estimates have been prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of Project Water to the Agency, pursuant to Article 17(a), which Table O shall constitute a summation of Tables I, K, M, and N; *provided* that each of the amounts set forth in Table O shall be subject to redetermination by the State in accordance with Article 28; *provided further* that the principles and procedures set forth in Articles 24, 25, and 26 shall be controlling as to such amounts. Such amounts shall be paid by the Agency in accordance with the provisions of Article 29.

**TABLE O
REPAYMENT SCHEDULE--TRANSPORTATION CHARGE
SOLANO COUNTY WATER AGENCY**

| Year | Capital Cost Component | Minimum Component | Variable Component | Total |
|-------------|-----------------------------------|------------------------------|-------------------------------|--------------|
| 1* | | | | |
| 2** | | | | |
| 3 | | | | |
| 4 | | | | |

* Year in which State commences construction of Project Transportation Facilities.

** Year of first payment.

(This table was labeled Table G in original contract provisions)

**28. DELTA WATER CHARGE AND TRANSPORTATION CHARGE --
REDETERMINATION.**

(a) **Redetermination of Transportation Charges for Costs Incurred Prior to the Billing Transition Date.** The provisions of this subdivision (a) shall apply only to costs Incurred prior to the Billing Transition Date.

(1) *Determinative Factors Subject to Retroactive Change.* The State shall redetermine the values and amounts set forth in Tables H through O (referred to in the original contract provisions as Tables B through G) of this contract in the year following the year in which the State commences construction of the Project Transportation Facilities and each year thereafter during the Project Repayment Period in order that the Transportation Charge to the Agency and the components thereof may accurately reflect the increases or decreases from year to year in projected costs, outstanding reimbursable indebtedness of the State Incurred prior to the Billing Transition Date to construct the Project Transportation Facilities described in Table G of this contract, Annual Table A Amounts, estimated deliveries, Project Interest Rate, and all other factors which are determinative of such charges. In addition, each such redetermination shall include an adjustment of the components of the Transportation Charge to be paid by the Agency for succeeding years which shall account for the differences, if any, between those factors used by the State in determining the amounts of such components for all preceding years and the factors as then currently known by the State. Such adjustment shall be computed by the State and paid by the Agency or credited to the Agency's account in the manner described in (b) and (c) below.

(2) *Adjustment: Transportation Charge -- Capital Component For Costs Incurred Prior to the Billing Transition Date.* Adjustments for prior underpayments or overpayments of the capital component of the Transportation Charge to the Agency for costs Incurred prior to the Billing Transition Date, together with accrued interest charges or credits thereon computed at the then current Project Interest Rate on the amount of the underpayment or overpayment and compounded annually for the number of years from the year the underpayment or overpayment occurred to and including the year following the redetermination, shall be paid in the year following the redetermination; *provided that* the Agency may elect to exercise the option whereby when the redetermined Transportation Charge for the following year, with adjustments, including adjustments of the operation, maintenance, power, and replacement components provided for in subdivision (a)(3) of this article, is more or less than the last estimate of the charge provided pursuant to Article 27 for the corresponding year, without adjustments, an amount equal to the total of such difference shall be deducted

from or added to the adjusted capital component for that year and paid or credited in accordance with the following schedule:

| Percent that Transportation Charge for costs Incurred prior to the Billing Transition Date differs from last estimate (+ or -) | Period, in years, for amortizing the difference in indicated charge |
|---|--|
| for 10% or less | no amortization |
| more than 10%, but not more than 20% | 2 |
| more than 20%, but not more than 30% | 3 |
| more than 30%, but not more than 40% | 4 |
| more than 40% | 5 |

Such payments or credits shall be equal semi-annual amounts of principal and interest on or before the 1st day of January and the 1st day of July, with interest computed at the Project Interest Rate and compounded annually, during varying amortization periods as set forth in the preceding schedule; *provided* that for the purpose of determining the above differences in the Transportation Charge for costs Incurred prior to the Billing Transition Date, the variable operation, maintenance, and power component shall be computed on the basis of the same estimated Project Water deliveries as was assumed in computing pursuant to Article 26(c).

(3) *Adjustment: Transportation Charge -- Minimum and Variable Components for costs Incurred prior to the Billing Transition Date.* One-twelfth of the adjustments for prior underpayments or overpayments of the Agency's minimum and variable operation, power, and replacement components for each year shall be added or credited to the corresponding components to be paid in the corresponding month of the year following the redetermination, together with accrued interest charges or credits thereon computed at the then current Project Interest Rate on the amount of the underpayment or overpayment and compounded annually for the number of years from the year the underpayment or overpayment occurred to and including the year following the redetermination.

(4) *Exercise of Option.* The option provided for in subdivision (a)(2) of this article shall be exercised in writing on or before the January 1 due date of the first payment of the capital component of the Transportation Charge for the year in which the option is to become effective. Such option, once having been exercised, shall be applicable for all of the remaining years of the Project Repayment Period.

(5) *Project Interest Rate Adjustments.* Notwithstanding the provisions of subdivision (a)(2) of this article, adjustments for prior overpayments and underpayments shall be repaid beginning in the year following the redetermination by application of a unit rate per acre-foot which, when paid for

the projected portion of the Agency's Annual Table A Amount will return to the State, during the Project Repayment Period, together with interest thereon computed at the Project Interest Rate and compounded annually, the full amount of the adjustments resulting from financing after January 1, 1987, from all bonds, advances, or loans listed in Article 1(ad) except for Article 1(ad)(3) and except for bonds issued by the State under the Central Valley Project Act after January 1, 1987 for facilities not listed among the Water System Facilities in Article 1(ap). Notwithstanding the immediately preceding exception, such amortization shall also apply to any adjustments in this component charge resulting from a change in the Project Interest Rate due to any refunding after January 1, 1986 on bonds issued under the Central Valley Project Act. However, amortization of adjustments resulting from items listed in subdivisions (1)(ad)(4) through (7) of Article 1 shall be limited to a period which would allow the Department to repay the debt service on a current basis until such time as bonds are issued to reimburse the source of such funding. In no event shall this amortization period be greater than the Project Repayment Period.

(6) *No Adjustment of Water System Facility Revenue Bond Financing Costs.* The use of Water System Facility Revenue Bonds for financing facilities listed in Article 1(ap) shall not result in adjustments for prior underpayments or overpayments of the capital component of the Transportation Charge to the Agency under the provisions of this article. In place of making such adjustments, charges to the Agency for Water System Facility Revenue Bond Financing Costs will be governed by Article 50(a).

(b) **Redetermination of Delta Water Charges and Transportation Charges for Costs Incurred On or After the Billing Transition Date.** The provisions of this subdivision (b) shall apply only to costs Incurred on or after the Billing Transition Date.

(1) *Determinative Factors Subject to Retroactive Change.* The State shall redetermine the values and amounts set forth in Tables B through F and Tables J through O of this contract each calendar year commencing on or after the Billing Transition Date in order that the Delta Water Charge and the Transportation Charge to the Agency for costs Incurred on or after the Billing Transition Date and the components thereof may accurately reflect the increases or decreases from year to year in projected costs, outstanding reimbursable indebtedness of the State Incurred to construct Project Conservation Facilities and Project Transportation Facilities, Annual Table A Amounts, estimated deliveries, and all other factors which are determinative of such charges. In addition, each such redetermination shall include an adjustment of the components of the Delta Water Charge and Transportation Charge to be paid by the Agency for succeeding years which shall account for the differences, if any, between those factors used by the State in determining the amounts of such components for all preceding years and the factors as then currently known by the State, as applicable. Such adjustment shall be computed by the State and paid by the Agency or credited to the Agency's account in the manner described in

subdivisions (b)(2) and (b)(3) of this article.

(2) Adjustment: Delta Water Charge and Transportation Charge -- Capital Components for Costs Incurred On or After the Billing Transition Date.

Adjustments for prior underpayments or overpayments of the capital component of the Delta Water Charge and the Transportation Charge to the Agency for costs Incurred on or after the Billing Transition Date shall be paid in the year following the redetermination.

(3) Adjustment: Delta Water Charge and Transportation Charge -- Minimum and Variable Components for Costs Incurred On or After the Billing Transition Date One-twelfth of the adjustments for prior underpayments or overpayments of the Agency's minimum operation, maintenance, power, and replacement component and variable operation, maintenance and power component of the Delta Water Charge and Transportation Charge for each year shall be added or credited to the corresponding components to be paid in the corresponding month of the year following the redetermination.

29. TIME AND METHOD OF PAYMENT OF DELTA WATER CHARGE AND TRANSPORTATION CHARGE.

The provisions of this article shall apply to costs Incurred both prior to and on or after the Billing Transition Date. References to the Delta Water Charge shall include the Delta Water Charge for costs Incurred prior to the Billing Transition Date and the Delta Water Charge for costs Incurred on or after the Billing Transition Date, separately, as applicable, and references to the Transportation Charge shall include the Transportation Charge for costs Incurred prior to the Billing Transition Date and the Transportation Charge for costs Incurred on or after the Billing Transition Date, separately, as applicable.

(a) Initial Payments.

(1) *Delta Water Charge.* Payments by the Agency under the Delta Water Charge shall commence in the Year of Initial Water Delivery to the Agency.

(2) *Capital Component of the Transportation Charge.* Payments by the Agency under the capital component of the Transportation Charge shall commence in the year following the year in which the State commences construction of the Project Transportation Facilities.

(3) *Minimum Operation, Maintenance, Power, and Replacement Component.* Payments by the Agency under the minimum operation, maintenance, power, and replacement component of the Transportation Charge shall commence for each aqueduct reach in the year following the year in which construction of that reach is completed.

(4) *Variable Operation, Maintenance, Power, and Replacement Component.* Payments by the Agency under the variable operation, maintenance, power and replacement component of the Transportation Charge shall commence in the Year of Initial Water Delivery to the Agency.

(b) Annual Statement of Charges. The State shall, on or before July 1 of each year, commencing with the year preceding the year in which payment of the respective charge is to commence pursuant to this article, furnish the Agency with a written statement of the following items:

(1) the charges to the Agency for the next succeeding year under the capital components and minimum operation, maintenance, power, and replacement components of the Delta Water Charges and Transportation Charges; *provided* that charges for Financing Costs shall be stated as separate items in the Statement of Charges;

(2) the unit charges to the Agency for the next succeeding year under the variable operation, maintenance, power and replacement components of the Delta Water Charge and Transportation Charge; and

(3) the total charges to the Agency for the preceding year under the variable operation, maintenance, power and replacement components of such Delta Water Charge and Transportation Charge; *provided* that through December 31, 1969, the Delta Water Charge shall be based upon a unit rate of \$3.50 per acre-foot and shall be paid by the Contractors on the basis of their respective Annual Table A Amounts, as provided in Article 22(b).

All such statements shall be accompanied by the latest revised copies of the documents amendatory to Article 22 and of the tables included in Articles 24 through 27, together with such other data and computations used by the State in determining the amounts of the above charges as the State deems appropriate.

(c) **Monthly Statements.** The State shall, on or before the fifteenth day of each month of each year, commencing with the Year of Initial Water Delivery to the Agency, furnish the Agency with a statement of the charges to the Agency for the preceding month under the variable operation, maintenance, power and replacement components of the Delta Water Charge and Transportation Charge. Such charges shall be determined by the State in accordance with the relevant provisions of Articles 22 and 26 of this contract, upon the basis of metered deliveries of Project Water to the Agency, except as otherwise provided in those articles.

(d) **Semiannual Payments of Capital Components.** The Agency shall pay to the State, on or before January 1 of each year, one-half (1/2) of the charge to the Agency for the year under the capital component of the Delta Water Charge and one-half (1/2) of the charge to the Agency for the year under the capital component of the Transportation Charge, as such charges are stated pursuant to subdivision (b) of this article; and shall pay the remaining one-half (1/2) of each of such charges on or before July 1 of that year.

(e) **Monthly Payments of Minimum Operation, Maintenance, Power, and Replacement Component.** The Agency shall pay to the State, on or before the first day of each month of each year, one-twelfth (1/12) of the sum of the charges to the Agency for the year under the minimum operation, maintenance, power, and replacement components of the Delta Water Charge and Transportation Charge, respectively, as such charges are stated pursuant to subdivision (b) of this article.

(f) **Monthly Payments of Variable Operation, Maintenance, Power, and Replacement Component.** The Agency shall pay to the State on or before the fifteenth day of each month of each year, the charges to the Agency under the variable operation, maintenance, power, and replacement components of the Delta Water Charge and Transportation Charge, respectively, for which a statement was received by the Agency during the preceding month pursuant to subdivision (c) of this article, as

such charges are stated in such statement.

(g) **Contest of Charges.** In the event that the Agency in good faith contests the accuracy of any statement submitted to it pursuant to subdivision (b) or (c) of this article, it shall give the State notice thereof at least ten (10) days prior to the day upon which payment of the stated amounts is due. To the extent that the State finds the Agency's contentions regarding the statement to be correct, it shall revise the statement accordingly, and the Agency shall make payment of the revised amounts on or before the due date. To the extent that the State does not find the Agency's contentions to be correct, or where time is not available for a review of such contentions prior to the due date, the Agency shall make payment of the stated amounts on or before the due date, but may make the contested part of such payment under protest and seek to recover the amount thereof from the State.

50. WATER SYSTEM FACILITY REVENUE BOND FINANCING COSTS.

(a) **Water System Facility Revenue Bonds to Finance Capital Costs Incurred Prior to the Billing Transition Date.** The provisions of this subdivision (a) shall apply to the Financing Costs of Revenue Bonds issued to finance Water System Facility Capital Costs Incurred prior to the Billing Transition Date. Charges to all Contractors for such Financing Costs shall return to the State each year an amount equal to the Financing Costs the State incurs in that year for such Water System Facility Revenue Bonds.

(1) *Elements of Charge.* Annual charges to recover such Water System Facility Revenue Bond Financing Costs shall consist of two elements.

(A) The first element shall be an annual charge to the Agency for repayment of Capital Costs of Water System Facilities as determined under Articles 22(a) and 24(a) of this contract with interest at the Project Interest Rate. For conservation facilities, the charge shall be a part of the capital component of the Delta Water Charge in accordance with the provisions of Article 22(a) applicable to Capital Costs Incurred prior to the Billing Transition Date. For transportation facilities, the charge shall be a part of the capital component of the Transportation Charge in accordance with the provisions of Article 24(a) applicable to Capital Costs Incurred prior to the Billing Transition Date.

(B) The second element shall be the Agency's share of a Water System Facility Revenue Bond Surcharge to be paid in lieu of a Project Interest Rate adjustment. The total annual amount to be paid by all Contractors under this element shall be the difference between the total annual charges under the first element and the annual Financing Costs of the related Water System Facility Revenue Bonds. The amount to be paid by each Contractor shall be calculated annually as if the Project Interest Rate were increased to the extent necessary to produce revenues from all Contractors sufficient to pay such difference for that year. In making that calculation, adjustments in the Agency's transportation capital component charges for prior overpayments and underpayments shall be determined as if amortized over the remaining years of the Project Repayment Period.

(2) *Identification of Surcharge on Invoices.* The Water System Facility Revenue Bond Surcharge will be identified in the Agency's invoice.

(3) *Timing of Surcharge Payments.* Surcharge payments shall be made in accordance with Article 29(f) of this contract.

(4) *Termination of Surcharge.* The Water System Facility Revenue Bond Surcharge under Article 50(a)(1)(B) shall cease for each series of Water System Facility Revenue Bonds when that series is fully repaid. However, the

annual charge determined pursuant to Article 50(a)(1)(A) shall continue to be collected for the time periods otherwise required under Articles 22 and 24.

(5) *Reduction of Charges.* After the Department has repaid the California Water Fund in full and after each series of Water System Facility Revenue Bonds is repaid, the Department will reduce the charges to all Contractors in an equitable manner in a total amount that equals the amount of the charges under Article 50(a)(1)(A) that the Department determines is not needed for future financing of facilities of the System which, in whole or in part, will serve the purposes of the water supply contract with the Agency.

(b) **Water System Facility Revenue Bonds to Finance Capital Costs Incurred On or After the Billing Transition Date.** The provisions of this subdivision (b) shall apply to the Financing Costs of Revenue Bonds issued to finance Water System Facility Capital Costs Incurred on or after the Billing Transition Date. Charges to all Contractors for such Financing Costs shall return to the State each year an amount equal to the Financing Costs the State incurs in that year for such Water System Facility Revenue Bonds. The amount of this charge shall be calculated in two steps as follows:

(1) *Allocation of Water System Facility Capital Costs.* Capital Costs Incurred on or after the Billing Transition Date of Water System Facilities that are conservation facilities shall be allocated among all Contractors in proportion to each Contractor's Maximum Annual Table A Amount. Capital Costs Incurred on or after the Billing Transition Date of Water System Facilities that are transportation facilities shall be allocated among all Contractors in accordance with Article 24(c).

(2) *Determination of Annual Financing Cost Amounts.* The State shall determine and charge the Agency each year the amount of the Financing Costs the State incurs in that year for the Water System Facility Revenue Bonds issued to finance such Water System Facility Capital Costs allocated to the Agency.

(c) **Provisions Applicable to All Water System Facility Revenue Bonds.** The provisions of this article shall apply to all Water System Facility Revenue Bonds.

(1) *Credits for Excess Amounts.* The State shall provide credits to the Contractors for excess reserve funds, excess debt service coverage, interest, and other earnings of the State in connection with payment of the Financing Costs of such Water System Facility Revenue Bonds, when and as permitted by the applicable bond resolution or indenture. When such credits are determined by the State to be available, such credits shall be promptly provided to the Contractors and shall be in proportion to the payments of Water System Facility Revenue Bond Financing Costs from each Contractor. Reserves, bond debt service coverage, interest, and other earnings may be used to retire bonds.

(2) *Allocation of Maturities Permitted.* When calculating charges for Water System Facility Revenue Bond Financing Costs, the State may allocate portions of particular maturities of Water System Facility Revenue Bonds and the Financing Costs associated with such maturities to particular Water System Facilities, in order to establish a reasonable relationship between the Economic Useful Life of such facilities and the term of bonds issued to finance such facilities, and may determine the Financing Costs allocated to the Agency on the basis of such maturity allocation.

(3) *Supplemental Bills for Unanticipated Financing Costs.* The State may submit a supplemental bill to the Agency for the year if necessary to meet unanticipated costs for Water System Facility Revenue Bond Financing Costs for which the State can issue a statement of charges under this article and any other article of this contract providing for payments that are pledged to the payment of Revenue Bonds issued to finance Project Facility Capital Costs allocated to the Agency. The relative amounts of any supplemental billing made to the Agency and to other Contractors for Revenue Bond purposes shall be governed by the otherwise applicable article. Payment of any supplemental billing shall be due thirty days after the date of the invoice.

(4) *Insurance on Contractor Obligations.* To the extent economically feasible and justifiable, as determined by the State after consultation with Contractors, the State shall maintain insurance or other forms of security protecting bondholders and non-defaulting Contractors against costs resulting from the failure of any Contractor to make the payments required by this article.

(5) *Consultation on Financing Plan.* Before issuing each series of Water System Facility Revenue Bonds, the State shall consult with the Contractors, prepare a plan for the State's future financing of Water System Facilities, and give the Agency an opportunity to comment on the plan. The plan shall include but not be limited to the size of any Water System Facility Revenue Bond issuances and the form of any necessary resolutions, indentures or supplements.

(6) *Defaults.*

(A) If a Contractor defaults partially or entirely on its payment obligations with respect to Water System Facility Revenue Bond Financing Costs and sufficient insurance or other security protecting the non-defaulting Contractors is not provided under subdivision (c)(4) of this article, the State shall allocate a portion of the default to each non-defaulting Contractor. The Agency's share of the default shall be equal to an amount determined by multiplying the total default amount to be charged to all non-defaulting Contractors by the ratio that the Agency's Maximum Annual Table A Amount bears to the total of the Maximum Annual Table A Amounts of all non-defaulting Contractors. However, such amount shall not exceed in any year 25 percent of the Water System

Facility Revenue Bond Financing Costs that are otherwise payable by the Agency in that year. The amount of default to be charged to non-defaulting Contractors shall be reduced by any receipts from insurance protecting non-defaulting Contractors and bond debt service coverage from a prior year and available for such purpose.

(B) If a Contractor defaults partially or entirely on its payment obligations under this article, the State shall also pursuant to Article 20, upon six months' notice to the defaulting Contractor, suspend water deliveries under Article 20 to the defaulting Contractor so long as the default continues. The suspension of water deliveries shall be proportional to the ratio of the default to the total Water System Facility Revenue Bond Financing Cost payments due from the defaulting Contractor. However, the State may reduce, eliminate, or not commence suspension of deliveries pursuant to this subparagraph if it determines suspension in the amounts otherwise required is likely to impair the defaulting Contractor's ability to avoid further defaults or that there would be insufficient water for human consumption, sanitation, and fire protection. The State may distribute the suspended water to the non-defaulting Contractors on terms it determines to be equitable.

(C) During the period of default, credits otherwise due the defaulting Contractor shall be applied to payments due from the defaulting Contractor.

(D) Except as otherwise provided in subparagraph (c) of this article, the defaulting Contractor shall repay the entire amount of the default to the State with interest compounded annually at the Surplus Money Investment Fund rate before water deliveries that had been suspended shall be fully resumed to that Contractor. If the defaulting Contractor makes a partial repayment of its default, the Department may provide a proportional restoration of suspended deliveries. The amount of the default to be repaid shall include any amounts previously received by the State from insurance proceeds, bond debt service coverage, or other reserves, and payments from other Contractors pursuant to this subparagraph (c)(6). The defaulting Contractor shall not be entitled to any

make-up water deliveries as compensation for any water deliveries suspended during the period when the Contractor was in default.

(E) At such time as the default amount is repaid by the defaulting Contractor, the non-defaulting Contractors shall receive credits in proportion to their contributions towards the amount of the default with interest collected by the State on the defaulted amount.

(F) In the event there is an increase in the amount a non-defaulting Contractor contributes to reserves and/or bond debt service coverage, such increase shall be handled in the same manner as provided in subparagraph (a) of this article.

(G) Action taken pursuant to this subdivision shall not deprive the State of or limit any remedy provided by this contract or by law for the recovery of money due or which may become due under this contract.

(7) *No Article 51 Reduction.* Amounts of Water System Facility Revenue Bond Financing Costs payable under this contract shall not be affected by any reductions in payments pursuant to Article 51.

(8) *Contract Extension.* In the event the Contract Extension Amendment takes effect, but not all Contractors sign the amendment, the following shall apply: If and to the extent that the charges under Article 50(b)(1) and 50(b)(2) of the water supply contracts of Contractors that have not executed the Contract Extension Amendment ("non-signing Contractors") are not sufficient to recover the annual Financing Costs that relate to Revenue Bonds issued to finance capital costs that are Incurred after the Billing Transition Date and are allocable to such non-signing Contractors, the amount of the shortfall shall be determined. Such shortfall shall be charged to the Contractors that have executed the Contract Extension Amendment ("signing Contractors") in proportion to each such signing Contractor's total Water System Facility Revenue Bond Financing Cost charges under Article 50(b) of this contract.

51. FINANCIAL ADJUSTMENTS.

(a) Article Expiration.

This Article 51 shall be effective through December 31, 2035 and shall be of no further effect on and after January 1, 2036; provided, however, that the provisions of this Article 51 may, to the extent applicable, continue to be used and applied on and after January 1, 2036 for the purpose of truing up amounts owed by the Agency to the State or by the State to the Agency for the calendar years up to and ending with calendar year 2035.

(b) State Water Facilities Capital Account.

(1) The State shall establish a State Water Facilities Capital Account to be funded from revenues available under Water Code section 12937(b)(4). Through procedures described in this article and as limited by this article, the State may consider as a revenue need under subdivision (c)(2)(v) of this article and may deposit in the State Water Facilities Capital Account the amounts necessary to pay capital costs of the State Water Facilities for which neither general obligation bond nor revenue bond proceeds are available, including but not limited to planning, reconnaissance and feasibility studies, the San Joaquin Valley Drainage Program and, through the year 2000, the CALFED Bay-Delta Program.

(2) The Director of the Department of Water Resources shall fully consult with the Contractors and consider any advice given prior to depositing funds into this account for any purposes. Deposits into this account shall not exceed the amounts specified in subdivision (c)(2)(v) of this article.

(3) The State shall use revenue bonds or other sources of moneys rather than this account to finance the costs of construction of any major capital projects.

(4) Five years following the Contract Extension Amendment Effective Date, the SWRDS Finance Committee shall review the State Water Facilities Capital Account to determine whether to recommend to the Director that this account be closed. If the Director determines to close the account, the State shall transfer any balance in the account to the SWRDS Support Account.

(5) Unless closed sooner, the State Water Facilities Capital Account shall terminate on December 31, 2035 and the State shall transfer any balance in such account to the SWRDS Support Account.

(c) Calculation of Financial Needs.

(1) Each year the State shall calculate in accordance with the timing provisions of Articles 29 and 31 the amounts that would have been charged (but for this article) to each Contractor as provided in other provisions of this contract.

(2) Each year the State shall also establish its revenue needs for the following year for the following purposes, subject to the following limitations:

(i) The amount required to be collected under the provisions of this contract, other than this article, with respect to all revenue bonds issued by the State for Project Facilities.

(ii) The amount required for payment of the reasonable costs of the annual maintenance and operation of the State Water Resources Development System and the replacement of any parts thereof as described in Water Code section 12937(b)(1). These costs shall not include operation and maintenance costs of any Federal Central Valley Project facilities constructed by the United States and acquired by the State of California after 1994, other than the State's share of the joint use facilities which include San Luis Reservoir, the San Luis Canal and related facilities.

(iii) The amount required for payment of the principal of and interest on the bonds issued pursuant to the Burns-Porter Act as described in Water Code section 12937(b)(2).

(iv) Any amount required for transfer to the California Water Fund in reimbursement as described in Water Code section 12937(b)(3) for funds utilized from said fund for construction of the State Water Resources Development System.

(v) For the years 1998 and thereafter, the amount needed for deposits into the State Water Facilities Capital Account as provided in subdivision (b) of this article, but (A) not more than \$6 million per year for the years 1998, 1999 and 2000, and (B) not more than \$4.5 million per year for the years 2001 and thereafter.

(3) The State shall reduce the annual charges in the aggregate for all Contractors by the amounts by which the hypothetical charges calculated pursuant to subdivision (c)(1) above exceed the revenue needs determined pursuant to subdivision (c)(2) above; provided that the reduction in annual charges in the aggregate for all Contractors shall not exceed \$48 million in any year beginning with the first calendar year following the Contract Extension Amendment Effective Date. The provisions regarding the reduction in annual charges that were in effect prior to the Contract Extension Amendment Effective Date shall continue to apply to the entire calendar year in which the Contract Extension Amendment Effective Date

occurs. The reductions under this article shall be apportioned among the Contractors as provided in subdivisions (d), (e), (f) and (g) of this article. Reductions to Contractors shall be used to reduce the payments due from the Contractors on each January 1 and July 1; provided, however, that to the extent required pursuant to subdivision (h) of this article, each Agricultural Contractor shall pay to the Agricultural Rate Management Trust Fund an amount equal to the reduction allocated to such Agricultural Contractor. Any default in payment to the trust fund shall be subject to the same remedies as any default in payment to the State under this contract. To determine whether the reduction in annual charges in the aggregate for all Contractors equals the \$48 million limit specified in this subdivision (c)(3), it shall be assumed that all Contractors have executed the Contract Extension Amendment and will share in the available rate reductions consistent with the proportions as provided in this contract, regardless of whether one or more Contractors do not receive a reduction under their respective Water Supply Contracts.

(4) The supplemental billing provisions authorized under this Article 51(c)(4) shall remain in effect through December 31, 2035, unless the Director determines in his or her discretion to eliminate the use of supplemental billing prior to that date or the Director in his or her discretion accepts a recommendation from the SWRDS Finance Committee to eliminate the use of supplemental billing prior to that date.

(i) The State shall inform the SWRDS Finance Committee if the available System cash balances are projected by the State to fall during the succeeding one hundred twenty (120) days to an amount below an amount equal to ninety (90) days operating expenditures. The SWRDS Finance Committee shall make a recommendation in light of such circumstances to the Director.

(ii) The State may submit a supplemental billing to the Agency for the year in an amount not to exceed the amount of the prior reductions for such year under this Article if necessary to meet unanticipated costs for purposes identified in Water Code Section 12937(b)(1) and (2) for which the State can issue billings under other provisions of this contract, subject to the following procedures and limitations:

(a) The State may only issue supplemental bills pursuant to the provisions of this Article 51(c)(4) when available System cash

balances are projected to be less than the amount equal to 90 days operating expenditures.

(b) The term "available System cash balances," for purposes of subdivision (a) of this Article 51(c)(4)(ii) shall mean available amounts in the following California Water Resources Development Bond Fund accounts: System Revenue Account (to the extent the funds in the System Revenue Account are not projected to be needed for payment of Burns-Porter General Obligation Bond debt service within the next two years), General Operating Account, SWRDS Reinvestment Account, and SWRDS Support Account (to the extent the funds in the SWRDS Support Account are not projected to be needed for non-reimbursable expenditures within the next two years).

(c) The term "operating expenditures" for purposes of subdivision (a) of this Article 51(c)(4)(ii) shall mean the costs described in California Water Code Section 12937(b) chargeable to the State Water Project as water supply.

(d) Any supplemental billing made to the Agency for these purposes shall be in the same proportion to the total supplemental billings to all Contractors for these purposes as the prior reduction in charges to the Agency in that year bears to the total reduction in charges to all Contractors in that year and shall be treated as reducing the amount of the reduction made available for that year to the Contractor by the amount of the supplemental bill to the Contractor.

(5) The State may also submit a supplemental billing to the Agency for the year if necessary to meet unanticipated costs for revenue bond debt service and coverage for which the State can issue a statement of charges under provisions of this contract other than this article. The relative amounts of any supplemental billing made to the Agency and to other Contractors for revenue bond purposes shall be governed by such other applicable provisions of this contract.

(6) Payment of any supplemental billing shall be due thirty days after the date of the invoice. Delinquency and interest on delinquent amounts due shall be governed by Article 32.

(d) Apportionment of Reductions between Agricultural and Urban Contractors.

(1) Commencing with the first calendar year following the Contract Extension Amendment Effective Date, the State shall apportion available reductions for each year in accordance with this Article.

(2) Annual reductions in the aggregate amount of \$48 million are projected to be available in the first calendar year following the Contract Extension Amendment Effective Date and each succeeding year through calendar year 2035 and shall be applied as follows:

(i) If reductions are available in an aggregate amount that equals \$48 million, \$11,856,000 of reductions shall be apportioned among the Agricultural Contractors, and \$36,144,000 of reductions shall be apportioned among the Urban Contractors.

(ii) If reductions are available in an aggregate amount less than \$48 million in any of these years, the reductions shall be divided on a 24.7%-75.3% basis between the Agricultural Contractors and the Urban Contractors respectively.

(3) No Contractor shall be entitled to receive in any year any additional reductions, including any additional reductions to make up for deficiencies in past projected reductions and any additional reductions above an aggregate annual amount of \$48 million.

(4) Reductions in annual charges to a Contractor pursuant to this Article 51 (d) shall only be made prospectively beginning with the later of the first calendar year following the Contract Extension Amendment Effective Date or the first calendar year following the date the Contractor executes the Contract Extension Amendment. Apportionments of reductions shall be calculated on the assumption that all Contractors have executed such amendment.

(e) Revenues and Reports.

(1) Each year, beginning with the first calendar year commencing after the Contract Extension Amendment Effective Date, the Director shall determine the amount of available Article 51(e) Amounts. The Director shall determine the aggregate amount that would have been charged to all Contractors in any year but for this Article 51 and from that amount shall deduct the sum of

(i) the amount of revenues needed for the purposes specified in subdivisions (c)(2)(i), (ii), (iii), (iv) and (v) plus

(ii) \$48 million.

The remaining amount, if any, shall be referred to herein as "Article 51(e) Amounts".

(2) The State shall allocate available Article 51(e) Amounts as follows: The Director in his or her discretion shall allocate and transfer or deposit up to 80% of available Article 51(e) Amounts, as determined on a projected basis, and up to 100% of available Article 51(e) Amounts, as determined on an actual basis, into the General Operating Account, the SWRDS Support Account and/or the SWRDS Reinvestment Account. Any Article 51(e) Amounts determined on an actual basis to be remaining in the Systems Revenue Account after the Director allocates and transfers such amounts to the General Operating Account, the SWRDS Support Account and/or the SWRDS Reinvestment Account shall remain in the Systems Revenue Account and shall be tracked separately in the State's Financial Information System. The Director shall have full discretion regarding the use of the amounts remaining in the Systems Revenue Account.

(3) The State shall prepare and distribute an Annual Rate Reduction Determination Report setting out the factors used to determine reductions in rates pursuant to Article 51(c). The report shall include a display of the distribution of gross annual revenues before, among other items, recreation and fish and wildlife expenditures, contributions to the State Water Facilities Capital Account and reduction in rates pursuant to Article 51(c). The report shall also include a display of the distribution and/or allocation of net annual revenues after reduction in rates pursuant to Article 51(c), to the General Operating Account, SWRDS Support Account, SWRDS Reinvestment Account, 51(e) Sub-Account of the Systems Revenue Account, Davis-Dolwig Fund, State Water Facilities Capital Account, and Suspended Costs, as applicable.

(4) The System Financial Activity Report, which is required to be prepared quarterly pursuant to Article 61(d), shall include annual and accumulated Article 51(e) Amounts and expenditure activity, including the beginning balance, the annual activity and the ending balance for the year for each fund or account into which Article 51(e) Amounts have been transferred or deposited. The System Financial Activity Report should also have sufficient detail to provide comprehensive accounting of annual Article 51(e) Amounts and the uses of the annual Article 51(e) Amounts to enable the SWRDS Finance Committee to assess the use of these amounts.

(f) Apportionment of Reductions Among Urban Contractors.

Reductions in annual charges apportioned to Urban Contractors under subdivision (d) of this article shall be further allocated among Urban Contractors pursuant to this subdivision. The amount of reduction of annual charges for each Urban Contractor shall be based on each Urban Contractor's proportionate share of total allocated capital costs as calculated below, for both project conservation and project transportation facilities, repaid by all Urban Contractors over the project repayment period.

(1) The conservation capital cost component of the reduction allocation shall be apportioned on the basis of maximum annual Table A amount. Each Urban Contractor's proportionate share shall be the same as the percentage of that Contractor's maximum annual Table A amount to the total of all Urban Contractors' maximum annual Table A.

(2) The transportation capital cost component of the reduction allocation shall be apportioned on the basis of transportation capital cost component repayment obligations, including interest over the project repayment period. Each Urban Contractor's proportionate share shall be the same as the percentage that the Contractor's total transportation capital cost component repayment obligation is of the total of all Urban Contractors' transportation capital cost component repayment obligations.

(i) Recalculations shall be made annually through the year 1999. Beginning in the year 2000 recalculations shall be made every five years unless an Urban Contractor requests a recalculation for an interim year and does so by a request in writing delivered to the Department by January 1 of the year in which the recalculation is to take place.

(ii) The transportation capital cost component repayment obligations, for purposes of this Article 51(f), shall be based in the year of recalculation on the then most recent Department of Water Resources Bulletin 132, Table B-15, "Capital Cost Component of Transportation Charge for Each Contractor," or its equivalent, excluding any costs or Table A amount associated with transfers of Table A amounts from Agricultural Contractors pursuant to Article 53.

(3) To reflect the relative proportion of the conservation capital cost component and the transportation capital cost component to the total of all capital cost repayment obligations, the two cost components shall be weighted as follows:

(i) The conservation capital cost component shall be weighted with a thirty percent (30%) factor. The weighting shall be accomplished by multiplying each Urban Contractor's percentage of maximum annual Table A Amounts as calculated in subdivision (f)(1) of this article by thirty percent (30%).

(ii) The transportation capital cost component shall be weighted with a seventy percent (70%) factor. The weighting shall be accomplished by multiplying each Urban Contractor's percentage of transportation capital cost component repayment obligations as calculated in subdivision (f)(2) of this article by seventy percent (70%).

(iii) A total, weighted capital cost percentage shall be calculated for each Urban Contractor by adding the weighted conservation capital cost component percentage to their weighted transportation capital cost component percentage.

(4) The total amount of the annual charges to be reduced to Urban Contractors in each year shall be allocated among them by multiplying the total amount of annual charges to be reduced to the Urban Contractors by the total, weighted capital cost percentages for each such Contractor. If the amount of the reduction to an Urban Contractor is in excess of that Contractor's payment obligation to the Department for that year, such excess shall be reallocated among the other Urban Contractors.

(5) In the case of a permanent transfer of urban Table A amounts, the proportionate share of annual charge reductions associated with that Table A amount shall be transferred with the Table A amount to the buying Contractor. In the case of an Table A amount transfer by either Santa Barbara County Flood Control and Water Conservation District or San Luis Obispo County Flood Control and Water Conservation District, the reductions in annual charges to that agency shall be allocated (a) on the basis of that Table A amount being retained by that agency which bears Coastal Branch Phase II transportation costs, (b) on the basis of that Table A amount being retained by that agency which does not bear Coastal Branch Phase II transportation costs, and (c) on the basis of the balance of that agency's Table A amount which also does not bear Coastal Branch Phase II transportation costs.

(g) Apportionment of Reductions Among Agricultural Contractors.

(1) Reductions in annual charges apportioned to Agricultural Contractors under subdivision (d) of this article shall be allocated among the Agricultural Contractors pursuant to this subdivision. The amount of reduction of annual charges for each Agricultural Contractor for the years 1997 through 2001 shall be based on each Agricultural Contractor's estimated proportionate share of the total project costs, excluding the variable operation, maintenance, power and replacement components of the Delta Water Charge and the Transportation Charge and also excluding off-aqueduct power charges, to be paid by all Agricultural Contractors for the years 1997 through 2035, calculated without taking into account this article. For purposes of these calculations, Kern County Water Agency's and Dudley Ridge Water District's estimated project costs shall not

include any costs associated with the 45,000 acre-feet of Annual Table A Amounts being permanently relinquished by those Contractors pursuant to subdivision (j) of Article 53. Also, for purposes of these calculations, an Agricultural Contractor's estimated project costs shall not be reduced by the transfer of any of the 130,000 acre-feet of Annual Table A Amounts provided for in subdivisions (a) through (i) of Article 53. The proportionate shares for 1997 through 2001 shall be calculated as follows:

(i) Each Agricultural Contractor's statement of charges received on July 1, 1994, shall be the initial basis for calculating the proportionate shares for the five years 1997 through 2001.

(ii) Each Agricultural Contractor's estimated capital and minimum components of the Delta Water Charge and the Transportation Charge (excluding off-aqueduct power charges) and Water Revenue Bond Surcharge shall be totaled for the years 1997 through 2035.

(iii) Kern County Water Agency and Dudley Ridge Water District totaled costs shall be reduced for the 45,000 acre-feet of annual Table A amount being permanently relinquished by them.

(iv) Any reductions in an Agricultural Contractor's totaled costs resulting from the transfer of any of the 130,000 acre-feet of annual Table A amount shall be re-added to that Contractor's costs.

(v) Each Agricultural Contractor's proportionate share shall be computed by dividing that Contractor's total costs by the total costs for all Agricultural Contractors determined pursuant to subparagraphs (ii), (iii) and (iv) above.

(2) The reductions in annual charges, for 1997 through 2001, shall be calculated using the method described in subdivision (g)(1) of this article.

(3) The allocation shall be recalculated using the same method described in subdivision (g)(1) of this article every five years beginning in 2002, if any Agricultural Contractor requests such a recalculation. Any recalculation shall be based on project cost data beginning with the year that the recalculation is to become effective through 2035.

(h) Agricultural Rate Management Trust Fund.

(1) Establishment. Through a trust agreement executed contemporaneously with this amendment, the State and the Agricultural Contractors that sign the Monterey Amendments shall establish the Agricultural Rate Management Trust Fund with a mutually agreed independent trustee.

(2) Separate Accounts. The trustee shall maintain within the trust fund a separate account for each Agricultural Contractor that signs the trust agreement to hold deposits made pursuant to this article.

(3) Deposits. Each Agricultural Contractor that signs the trust agreement shall deposit into such Contractor's account within the trust fund, at the same time as payments would otherwise be required by this contract to be made to the State, an amount equal to the amount by which such Contractor's charges under this contract have been reduced by reason of this article, until the balance in such Contractor's account within the trust fund is the same percentage of \$150,000,000 as such Contractor's percentage share of reductions made available to all Agricultural Contractors as specified in subdivision (g) of this article. In 2002 and every fifth year thereafter, the Agricultural Contractors will review the maximum accumulation in the trust fund (the "Cap") and determine whether the cap should be adjusted. However, the Cap shall not be reduced below an aggregate of \$150,000,000 for all Agricultural Contractor accounts.

(4) Trust Fund Disbursements.

(i) In any year in which the State's allocation of water to an Agricultural Contractor by April 15th of that year is less than one-hundred percent (100%) of the Contractor's requested annual Table A amount for that year, the trustee shall, to the extent there are funds in that Contractor's account, distribute to the State from such account for the benefit of that Contractor an amount equal to the percentage of the total of that Contractor's statement of charges for that year, as redetermined by the State on or about May 15th of that year, for (a) the Delta Water Charge; (b) the capital cost and minimum operation, maintenance, power and replacement components of the Transportation Charge (including off-aqueduct power charges); and (c) the water system revenue bond surcharge, that is equal to the percentage of that Contractor's annual Table A amount for that year that was not allocated to it by the State by April 15th of that year.

(ii) In addition to the provisions of subdivision (h)(4)(i) of this article, if on April 15 of any year any of the irrigable land within the Tulare Lake Basin Water Storage District (Tulare) is flooded, and Tulare in writing requests the trustee to do so, the trustee shall, to the extent there are funds in Tulare's account, distribute to the State from such account for the benefit

of Tulare an amount equal to the percentage of the total of Tulare's statement of charges for that year, as redetermined by the State on or about May 15th of that year, for (a) the Delta Water Charge; (b) the capital cost and minimum components of the Transportation Charge (including off-aqueduct power charges); and (c) the water system revenue bond surcharge, that is equal to the percentage of the irrigable land within Tulare that is flooded on April 15.

(iii) Each Agricultural Contractor shall remain obligated to make payments to the State as required by other articles in this contract. Any amount to be disbursed pursuant to subdivisions (h)(4)(i) and (h)(4)(ii) shall be paid by the trustee to the State on July 1 of the year involved and shall be credited by the State toward any amounts owed by such respective Agricultural Contractor to the State as of that date. However, an Agricultural Contractor may direct the trustee to make the disbursement to that Agricultural Contractor which shall in turn make the payment to the State as required by other provisions of this contract. If the amount to be disbursed exceeds the amount owed to the State by such Contractor as of July 1, the excess shall be disbursed by the Trustee to the State at the time of and in payment of future obligations owed to the State by such Contractor. Alternatively, upon the request of such Contractor, all or part of the excess shall be paid by the trustee to that Contractor in reimbursement of prior payments by the Contractor to the State for that year.

(5) Payment of Supplemental Bills. In any year in which a supplemental bill has been submitted to an Agricultural Contractor pursuant to subdivision (c)(4) of this article, such supplemental bill shall be treated as reducing by an equal amount the obligation of such Contractor for that year to make payments into the Agricultural Rate Management Trust Fund. To the extent that such Contractor has already made payments to the trust fund in an amount in excess of such Contractor's reduced trust fund payment obligation, such Contractor may request the trustee to use the excess from the trust fund to pay the supplemental bill.

(6) Discharge of Payment Obligation. Each payment to the State by the trust fund shall discharge and satisfy the Agricultural Contractor's obligation to pay the amount of such payment to the State. No reimbursement of the trust fund by the Agricultural Contractor for such payments shall be required. However, each Agricultural Contractor shall continue to make deposits to the trust fund matching the amount of each year's reductions as provided in subdivision (d) of this article so long as the amount in that Contractor's account is less than its share of the Cap.

(7) Distribution of Funds in Excess of the Cap. Whenever accumulated funds (including interest) in an Agricultural Contractor's account in the trust fund exceed that Contractor's share of the Cap, or the estimated remaining payments the Contractor is required to make to the State prior to the end of the project

repayment period, that Contractor may direct the trustee to pay such excess to the Contractor.

(8) Termination of Trust Fund. At the end of the project repayment period, the Agricultural Rate Management Trust Fund shall be terminated and any balances remaining in the accounts for each of the Agricultural Contractors shall be disbursed to the respective Agricultural Contractors.

(i) **Definitions.** For the purposes of this article, the following definitions will apply:

(1) "Agricultural Contractor" shall mean the following agencies as they now exist or in any reorganized form:

- (i) County of Kings,
- (ii) Dudley Ridge Water District,
- (iii) Empire West Side Irrigation District,
- (iv) Kern County Water Agency for 848,130 acre-feet of its Table A amount,
- (v) Oak Flat Water District,
- (vi) Tulare Lake Basin Water Storage District.

(2) "Urban Contractor" shall mean every other agency having a long term water supply contract with the State as they exist as of the date of this amendment or in any reorganized form as well as Kern County Water Agency for 134,600 acre-feet of its Table A amount.

(j) **Except as provided in subdivisions (c)(4) and (c)(5),** this article shall not be interpreted to result in any greater State authority to charge the Contractors than exists under provisions of this contract other than this article.

NEW CONTRACT ARTICLE

II. ARTICLE 61 IS ADDED TO THE CONTRACT AS A NEW ARTICLE AS FOLLOWS:

61. FINANCIAL ACCOUNTS AND ACTIVITIES

(a) General Operating Account

(1) The State shall maintain a General Operating Account to provide the moneys needed for the following purposes:

(i) To pay or provide for the payment of System costs which are reimbursable by one or more Contractors under their respective Water Supply Contracts in the event System revenues available for such payment are insufficient for such purpose; or

(ii) To pay or provide for the payment of System costs for any System purpose in the event of a System emergency as defined in Article 61(a)(1)(iii).

(iii) A System Emergency, as used in this Article 61(a)(1)(ii) shall mean an immediate, urgent, critical, unexpected, or impending situation that, in the judgment of the Director may cause or pose a risk of causing injury, loss of life, damage to the property, impairment of the financial condition, and/or interference with the normal activities of the System which requires immediate attention and remedial action.

(2) The maximum amount in the General Operating Account shall be set, adjusted and funded as follows:

(i) Upon the Contract Extension Amendment Effective Date, the maximum amount shall be \$150 million.

(ii) On or before the first September 1 occurring five (5) years after the Contract Extension Amendment Effective Date and every five (5) years thereafter, the State shall present a business case analysis of the maximum amount reasonably necessary or appropriate to be maintained in the General Operating Account, including an evaluation of the maximum amount and its relationship to the business risks associated with the System cash flow, to the SWRDS Finance Committee for recommendation to the Director regarding a General Operating Account maximum amount

adjustment, provided that the maximum amount shall not be less than \$150 million.

(iii) To fund the General Operating Account to its maximum amount, the Director may, in his or her discretion, transfer to the General Operating Account (1) amounts determined to be available pursuant to Article 51(e); (2) earnings from the investment of amounts in the General Operating Account; (3) amounts in the SWRDS Reinvestment Account; and (4) amounts in the SWRDS Support Account.

(iv) If the Director determines to decrease the maximum amount pursuant to Article 61(a)(2)(ii), or the maximum amount is otherwise exceeded, the excess amount in the General Operating Account shall be transferred to the SWRDS Reinvestment Account.

(v) The State shall replenish the amounts used from the General Operating Account (1) through charges to the Contractors to the extent the Contractors are obligated to reimburse the State for the costs paid with such amounts and (2) from the SWRDS Support Account or other available revenues (including the sources described in subparagraph (iii) of this Article 61(a)(2)) for costs not reimbursable by the Contractors under their respective Water Supply Contracts.

(vi) General Operating Account investment earnings shall be used to fund the General Operating Account to its maximum amount or, in the Director's discretion, transferred to the SWRDS Support Account and/or the SWRDS Reinvestment Account.

(3) The State shall prepare monthly reports on the balance in and use of the General Operating Account for the Director, and shall provide those reports to the SWRDS Finance Committee. The SWRDS Finance Committee may periodically review reporting frequency and make recommendations to the Director regarding reporting frequency.

(b) SWRDS Reinvestment Account

(1) Commencing with the Contract Extension Amendment Effective Date, the State shall establish and maintain a SWRDS Reinvestment Account to provide a continuing source of investment revenue to provide amounts to be transferred to or deposited in the General Operating Account, the SWRDS Reinvestment Account, and the SWRDS Support Account.

(2) To fund the SWRDS Reinvestment Account, the Director may, in his or her discretion, transfer to the SWRDS Reinvestment Account (i) amounts determined to be available pursuant to Article 51(e), (ii) earnings from the investment of amounts in the SWRDS Reinvestment Account, (iii) payments by

the Contractors for capital costs funded from the SWRDS Reinvestment Account, (iv) amounts from the SWRDS Support Account, and (v) amounts from the General Operating Account.

(3) Amounts in the SWRDS Reinvestment Account may be used and/or invested as follows:

(i) To pay capital costs of Project Facilities to the extent those costs are reimbursable by one or more Contractors under their respective Water Supply Contracts. Such capital costs shall be reimbursed to the State in accordance with item 5 of this subparagraph (b) below.

(ii) To pay capital costs of Project Facilities pending reimbursement of the State with the proceeds of revenue bonds issued by the State; and

(iii) To make temporary investments in accordance with the statutory limitations on such investments.

(4) The State shall prepare regular reports on the SWRDS Reinvestment Account for the Director and shall provide those reports to the SWRDS Finance Committee. The State shall consult with the SWRDS Finance Committee about the investments and activities to be funded from the SWRDS Reinvestment Account.

(5) *Amortization of Costs Financed with Amounts in the SWRDS Reinvestment Account.* Charges to amortize Project Facility Capital Costs paid with amounts from the SWRDS Reinvestment Account shall return to the State, in equal annual amounts over an amortization period determined by the State, the amount of each such cost together with an interest charge on the unamortized balance thereof.

(i) The length of such amortization periods may be from ten (10) to fifty (50) years, *provided* that if the capital asset has an Economic Useful Life of less than ten (10) years, the amortization period may be a comparable period of less than ten (10) years.

(ii) The interest charge shall be at a rate equal to the market interest rate at the time the cost is Incurred on municipal Revenue Bonds with the following characteristics:

(a) the same rating as the rating on Revenue Bonds issued by the State to finance Project Facilities, and

(b) the same term as the length of the amortization period, all as determined by the State.

(iii) For the purposes of this subdivision (b)(5), the State may aggregate the Capital Costs of each Project Facility Incurred during each calendar year and determine a composite interest rate and a composite amortization period applicable to the amortization of such costs.

(iv) The amortization charges relating to the costs Incurred during each calendar year shall commence the calendar year starting one year after the end of the calendar year in which such costs were Incurred, and the amount to be amortized shall include capitalized interest for the period from the date or dates the costs are Incurred to the date of commencement of amortization.

(c) SWRDS Support Account

(1) Commencing with the Contract Extension Amendment Effective Date, the State shall establish and maintain a SWRDS Support Account to provide a source of funds to pay System costs that are not chargeable to the Contractors under their respective Water Supply Contracts and for the payment of which there are no other monies available.

(2) To fund the SWRDS Support Account, the Director may, in his or her discretion, transfer to the SWRDS Support Account (i) amounts determined to be available pursuant to Article 51(e); (ii) amounts in the SWRDS Reinvestment Account, (iii) investment earnings in the General Operating Account; (iv) earnings from the investment of amounts in the SWRDS Support Account; and (v) other available revenues. The State shall not charge the Agency to replenish the SWRDS Support Account for costs not otherwise chargeable to the Agency under this contract.

(3) If the State is reimbursed or other amounts are appropriated and received for a cost paid from the SWRDS Support Account, the State shall deposit the amount reimbursed or received in the SWRDS Support Account.

(4) The State shall prepare regular reports on the SWRDS Support Account for the Director and shall provide those reports to the SWRDS Finance

Committee. The State shall consult with the SWRDS Finance Committee about the investments and activities to be funded from the SWRDS Support Account.

(d) System Financial Activity Report and Reporting Principles

(1) The State shall prepare and distribute quarterly a System Financial Activity Report that contains the following information:

(i) By fund or account, the activity in the following funds and accounts: the General Operating Account, the SWRDS Support Account, the SWRDS Reinvestment Account, the 51(e) Sub-Account of the Systems Revenue Account, the Davis-Dolwig Fund, and the State Water Facilities Capital Account, and the activity with respect to suspended costs.

(ii) The data in the System Financial Activity Report shall be auditable, which includes an audit trail from the costing ledger (currently the Utility Cost Accounting Billing System, as of the Contract Extension Amendment Effective Date) to the general ledger (currently SAP, as of the Contract Extension Amendment Effective Date) or the Bulletin 132 estimates to the System Financial Activity Report.

(2) Appendix B, entitled System Reporting Principles, contains principles and guidelines which shall be followed, to the extent applicable, in the preparation of System financial reports and financial management reports.

(e) State Water Resources Development System Finance Committee

(1) The State shall establish a joint State and Contractors finance committee, which shall be referred to as the State Water Resources Development System Finance Committee or SWRDS Finance Committee. The membership of the SWRDS Finance Committee shall include both representatives from the State and the Contractors.

(2) The primary purpose of the SWRDS Finance Committee shall be to make recommendations to the Director concerning the financial policies of the System. The State and the Contractors shall describe the scope of the SWRDS Finance Committee in a charter mutually agreeable to the State and the Contractors.

(f) Cost Recovery

In general, the State should seek reimbursement for all System costs from the appropriate customers and users of System facilities. With respect to those System costs that are reimbursable by the Contractors, the State should allocate

financial responsibility for such costs in a manner that is both lawful and equitable, and which endeavors to recover such costs from the appropriate Contractors. If the State proposes to not charge any Contractor the full amount that the State is entitled to charge the Contractor under the contract, the State shall present a written proposal to the SWRDS Finance Committee for purposes of developing a recommendation to the Director regarding the proposal. The State shall submit such proposal in writing to the SWRDS Finance Committee 90 days in advance of the Director issuing any decision and within such 90 day period the SWRDS Finance Committee shall provide the Director with a recommendation regarding such proposal. Such proposals shall comply with the structure set out in the SWRDS Finance Committee charter referenced in Article 61(e)(2).

NEW CONTRACT APPENDIX

III. APPENDIX B IS ADDED TO THE CONTRACT AS A NEW APPENDIX AND SHALL READ AS FOLLOWS:

APPENDIX B

SYSTEM REPORTING PRINCIPLES

- A. During the term of the water supply contracts, it is likely that financial reports and financial management reports will change in scope, nature, and frequency. Regardless of the exact reports used, such reports shall follow the below principles and guidelines to the extent applicable.
1. Principle 1: Financial reporting will be generated from the general ledger or data warehouse of the financial information system (system of record), such as SAP. The financial system of record is the authoritative source for financial reporting data values in a system. To ensure data integrity, there must be one, and only one, system of record for financial reporting values.
 2. Principle 2: Financial reporting is not limited to annual financial statements but will be developed for regular reporting periods.
 3. Principle 3: Financial management reporting generated from other financial systems, such as Utility Cost Accounting Billing System (UCABS), will identify and analyze significant variances from prior years or budgets.
 4. Principle 4: Financial reporting and financial management reporting will identify unusual items and exceptions, and these items will be documented, reviewed, and resolved by management.
 5. Principle 5: DWR will use standardized System-wide business rules and utilize a centralized financial system, such as SAP, UCABS, or other system, to provide controls/validations to ensure data integrity and reliable reporting.
 6. Principle 6: DWR will use standardized data integrity rules in the development and publication of reports, including but not limited to the following:
 - (1) Data integrity refers to the accuracy and consistency of data stored in a database, data warehouse, data mart or other construct.
 - (2) Data integrity processes verify that data has remained unaltered in transit from creation to reception or remains unaltered in transit from one system to the next. Data used outside of the Enterprise Resource Planning (ERP) systems to meet the reporting needs of Program will undergo any number of operations in support of decision-making, such as capture, storage,

retrieval, update and transfer. It is important to have confidence that during these operations, the data will be kept free from corruption, modification and remain unaltered.

- (3) Data with “integrity” has a complete or whole structure. Data values are standardized according to a data model and/or data type. All characteristics of the data must be correct – including business rules, relations, dates, definitions and lineage – for data to be complete.
- (4) Data integrity is imposed within an ERP database when it is created and is authenticated through the ongoing use of error checking and validation routines.
- (5) Data integrity state or condition is to be measured by the validity and reliability of the data values.
- (6) Data integrity service and security maintains information exactly as it was input, and is auditable to affirm its reliability.

The SWRDS Finance Committee is charged with providing financial policy recommendations to the Director, and the Director has final discretion on whether or not to accept the recommendations. While the SWRDS Finance Committee is not charged with reviewing the content of financial reports, timely and accurate financial reporting and financial management reporting provides technical committees access to useful information that can be used to formulate proposals on financial policy matters that may be brought to the SWRDS Finance Committee.

IT IS FURTHER MUTUALLY AGREED that the following provisions, which shall not be part of the Water Supply Contract text, shall be a part of this Amendment and be binding on the Parties.

AMENDMENT IMPLEMENTING AND ADMINISTRATIVE PROVISIONS

1. EFFECTIVE DATE OF CONTRACT EXTENSION AMENDMENT.

(a) The Contract Extension Amendment shall take provisional effect ("provisional effective date pursuant to subparagraph (a)") on the last day of the calendar month in which both of the following occur: (i) the State and 15 or more Contractors, with an aggregate maximum annual Table A amount exceeding 3,200,000 acre feet, have executed (or committed in a form satisfactory to the State to execute) the Contract Extension Amendment and (ii) no legal action addressing the validity or enforceability of the Contract Extension Amendment or any aspect thereof has been filed within sixty days of such execution or, if filed, a final judgment of a court of competent jurisdiction has been entered sustaining or validating the Contract Extension Amendments. Subject to subparagraph (b), the provisional effective date pursuant to paragraph (a) shall be the Contract Extension Amendment Effective Date if the conditions set out in subparagraph (e) are met.

(b) If any part of the Contract Extension Amendment of any Contractor is determined by a court of competent jurisdiction in a final judgment or order to be invalid or unenforceable, the Contract Extension Amendments of all Contractors shall be of no force and effect except as provided in subparagraph(c).

(c) The unenforceability and lack of effectiveness of all Contractors' Contract Extension Amendments as provided for in subparagraph (b) may be avoided only if the part of the Contract Extension Amendment determined to be invalid or unenforceable is explicitly waived in writing by the State and 15 or more Contractors, with an aggregate maximum annual Table A amount exceeding 3,200,000 acre feet , in which case the Contract Extension Amendment shall take provisional effect ("provisional effective date pursuant to subparagraph (c)") on the last day of the calendar month in which the requisite waivers are received, but only as to those Contractors submitting such a waiver in writing, subject to subparagraph (e). The provisional effective date pursuant subparagraph (c) shall become the Contract Extension Amendment Effective Date if the conditions set out in subparagraph (e) are met.

(d) If any Contractor has not executed a Contract Extension Amendment or has not submitted a waiver pursuant to subparagraph (c), whichever is applicable, within sixty (60) days of the provisional effective date pursuant to subparagraph (a) or the provisional effective date pursuant to subparagraph (c), as applicable, the amendment shall not take effect as to such Contractor, unless the Contractor and the State, in its discretion, thereafter execute such Contractor's contract extension amendment or the Contractor thereafter submits, and the State in its discretion accepts,

the waiver, whichever applies, in which case the Contract Extension Amendment Effective Date for purposes of that Contractor's contract and any associated terms shall be as agreed upon by the State and Contractor.

(e) (1) If at the end of the applicable 60-day period specified in subparagraph (d), 24 or more Contractors with an aggregate maximum annual Table A amount exceeding 3,950,000 acre feet have executed the amendment (or committed to execute the amendment in a form satisfactory to the State) or submitted a waiver pursuant to subparagraph (c), as applicable, the provisional effective date pursuant subparagraph (a) or the provisional effective date pursuant to subparagraph (c), as applicable, shall become the Contract Extension Amendment Effective Date.

(2) If at the end of the applicable 60 day period specified in subparagraph (d), 24 or more Contractors with an aggregate maximum annual Table A amount exceeding 3,950,000 acre feet have not executed (or committed to execute) the amendment or submitted a waiver pursuant to subparagraph (c), as applicable, then the State, after consultation with the Contractors that have executed (or committed to execute) the amendment or submitted a waiver, as applicable, shall within 30 days following such 60 day period determine in its discretion whether to make the provisional effective date pursuant to subparagraph (a) or the provisional effective date pursuant to subparagraph (c), as applicable, the Contract Extension Amendment Effective Date. The State shall promptly notify all Contractors of the State's determination. If the State determines, pursuant to this subparagraph 1(e)(2) to allow the contract amendment to take effect, it shall take effect only as to those Contractors consenting to the amendment taking effect pursuant to this subparagraph 1(e)(2)

(f) (1) During the pendency of a legal action addressing the validity or enforceability of the Contract Extension Amendment, the State and a minimum of 24 Contractors with an aggregate maximum annual Table A amount exceeding 3,950,000 acre feet which have executed (or committed to execute) the Contract Extension Amendment may agree in writing to waive any limitation barring the Contract Extension Amendment from taking effect until a final judgment of a court of competent jurisdiction has been entered (including to waive the "no force and effect " provision in subsection (b)) and instead allow the Contract Extension Amendment to take effect as to such Contractors, subject to such conditions, if any, agreed upon, by the State and such contractors. In such case, the State shall promptly notify all Contractors of the effective date of the Contract Extension Amendment.

(2) If, during the pendency of a legal action addressing the validity or enforceability of the Contract Extension Amendment, less than 24 Contractors with an aggregate maximum annual Table A amount exceeding 3,950,000 acre feet have agreed in writing to waive any limitation barring the Contract Extension Amendment from taking effect until a final judgment of a court of competent jurisdiction has been entered as provided in subsection (1)(f)(1) above, then a Contractor which has so agreed in writing may request the State to consider allowing the contract extension amendment to take effect with the agreement of less than 24 Contractors. Upon

receiving such a request, the State, after consultation with the Contractors that have agreed in writing to waive any limitation as provided in subsection (1)(f)(1) above, may determine in its discretion whether to allow the Contract Extension Amendment to take effect with less than 24 Contractors agreeing in writing to waive the limitation. The State shall promptly notify all Contractors if the State's determines to allow the Contract Extension Amendment to take effect, and include in such notice the effective date of the Contract Extension Amendment and any conditions that would apply. If the State determines, pursuant to this subparagraph 1(f)(2) to allow the contract amendment to take effect, it shall take effect only as to those Contractors consenting to the amendment taking effect pursuant to subparagraph 1(f)(1).

2. POST BILLING TRANSITION DATE ESTIMATES.

If the State determines it to be necessary, the State may rely on estimates and later true-up for billing and reporting purposes in the initial years after the Billing Transition Date.

3. WAIVER AND RELEASE.

Subject to the Contract Extension Amendment taking effect, the Agency does hereby forever waive, release and discharge the State, and its current and former officers, agents and employees, from any and all past and present protests, claims, damages, actions and causes of action of every kind and description, now existing or hereafter arising, known or unknown, that were or could be or could have been asserted relating to the State's adjustment made prior to the execution date of this Contract Extension Amendment in connection with the proportional responsibility, for System facilities south of and including the Dos Amigos Pumping Plant, between (i) water supply and (ii) recreation and fish and wildlife enhancement.

4. OTHER CONTRACT PROVISIONS.

Except as amended by this amendment, all provisions of the contract shall be and remain the same and in full force and effect, provided, however, that any reference to the definition of a term in Article 1, shall be deemed to be a reference to the definition of that term, notwithstanding that the definition has been re-lettered within Article 1. In preparing a consolidated contract, the parties agree to update all such references to reflect the definitions' lettering within Article 1.

5. COUNTERPART.

This Contract Extension Amendment may be signed in counterpart.

STATE WATER PROJECT WATER SUPPLY CONTRACT EXTENSION AMENDMENT
Execution Version

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment on
the date first above written.

Approved as to Legal Form
and Sufficiency:

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

Chief Counsel
Department of Water Resources

Director

Date

SOLANO COUNTY WATER AGENCY

General Manager

Date

SOLANO COUNTY WATER AGENCY



MEMORANDUM

TO: Board of Directors

FROM: Roland Sanford, General Manager

DATE: July 3, 2019

SUBJECT July 2019 General Manager's Report

Phase I Dixon Watershed Study

The Final Phase I Dixon Watershed Study report has been submitted by West Yost Associates. Water Agency, City of Dixon, Dixon Resource Conservation District and RD 2068 staff met on June 27, 2019 to discuss the scope of the Phase II study. Water Agency staff is preparing a draft Request for Proposals (RFP) for the Phase II study, with the expectation that a consultant will be selected and begin work on the Phase II study in September 2019.

UC Davis Engineering students study Putah South Canal sediment issues

As a part of their senior class project, several teams of UC Davis Engineering students researched possible remedies for controlling and disposing of accumulated sediment and aquatic vegetation in the Putah South Canal. Water Agency staff and other UC Davis alumni familiar with the Putah South Canal assisted the students, who last month presented an array of creative solution and submitted their final class reports. One Engineering professor noted that the Putah South Canal sediment and aquatic vegetation issues are one of the most challenging and interesting projects the students will likely encounter in their professional careers.

Putah South Canal Automation Efforts

SCWA Staff recently completed major upgrades to the largest "check structure" along the Putah South Canal to enhance canal automation and operations. These upgrades will benefit the Solano Project water users by improving the efficiency and reliability of canal operations, and are the result of close cooperation between SCWA and SID Solano Project staff.

Bay-Delta Plan Update/Voluntary Settlement Agreements

As I reported last month, considerable staff time has and at least for the balance of 2019 will continue to be directed toward the Bay-Delta Plan Update and more specifically, participation in the ongoing development of a Voluntary Settlement Agreement (now called the "Voluntary Agreement") that would encompass most of the major tributaries in the Sacramento River drainage, and possibly some tributaries in the San Joaquin River drainage. The effort is being led by State Secretary of Natural Resources Wade Crofoot and State Secretary of CalEPA Jared Blumenfeld,



both of whom report to Governor Newsom. A progress report recently prepared by secretaries Crofoot and Blumenfield is attached.

MEMORANDUM

To: VA Plenary Participants
From: Secretaries Jared Blumenfeld and Wade Crowfoot
Re: Voluntary Agreements Progress Report
Date: July 1, 2019

This memo provides a status report on our agencies' development of voluntary agreements (VAs) with water users, non-governmental conservation organizations and federal agencies. The VAs intend to implement updated water quality objectives for the Sacramento and San Joaquin Rivers and their tributaries, as well as the Sacramento-San Joaquin Bay-Delta, through a broad set of tools. The memo outlines progress to date and describes work in the coming months to complete and evaluate these agreements. This memo is intended to be shared with any and all stakeholders who are interested in following the development of the VAs.

State agencies and VAs participants have yet to decide whether this effort will culminate in a single proposed voluntary agreement or multiple agreements. In this document we refer to this proposal in the plural as voluntary agreements (VAs) for consistency; this is not intended to suggest a predetermination as to the final format.

Overview

Since Governor Newsom took office in January, we have helped to lead an effort to advance and evaluate the initial VAs framework presented to the State Water Resources Control Board (State Water Board) in December 2018. The VAs are being developed as an alternative mechanism to provide reasonable protection of native fish, wildlife and other beneficial uses as required by law and identified in the State Water Board's update to the Bay-Delta Water Quality Control Plan (Bay-Delta Plan).

The VAs seek to improve conditions for native fish and wildlife through targeted river flows and a suite of habitat-enhancing projects including floodplain inundation and physical improvement of spawning and rearing areas. The VAs aim to achieve these improvements while also balancing the needs of other beneficial uses identified in the Bay-Delta Plan, including municipal, domestic and agricultural water supplies, recreation, and navigation.

The VAs reflect a collaborative approach to water resources management and native fish and wildlife protection. Over the past six months, support for this effort has been reflected in extensive collaboration over hundreds of hours among the State Team,

Bureau of Reclamation and an array of stakeholders, including dozens of public water agencies and environmental conservation groups.

Our collective effort has involved clarifying the details of complex, interconnected 15-year agreements among dozens of parties to manage flows and restore habitat in the Sacramento and San Joaquin river systems, their tributaries and the Bay-Delta. The proposed VAs are currently being evaluated by the California Natural Resources Agency (CNRA), the California Environmental Protection Agency (CalEPA), the State Water Board, the Department of Water Resources (DWR) and the Department of Fish and Wildlife (DFW) (known collectively as the "State Team") to determine whether they can provide reasonable protection for beneficial uses of Bay-Delta waters as required by law.

It is important to note that many environmental conservation groups participating in the process have raised concerns regarding the adequacy of the VAs flow and non-flow assets to achieve required outcomes. At the same time, many water users have expressed concerns about the prospect of being asked to contribute more assets beyond what was outlined in VAs presented to the State Water Board in December 2018.

On March 1, the Directors of DWR and DFW submitted two documents to the State Water Board:

1. An updated Project Description for the VAs that provided more detailed information about the assets being offered in the agreements, including water flows, funding, accelerated implementation of habitat improvements, and a science based decision-making process to manage flows.
2. A Planning Agreement to guide further work needed to complete the VA proposals. The Planning Agreement set a target date of June 30, 2019, to resolve several outstanding legal and policy questions regarding the proposed VAs and to further refine certain elements of the project description.

Status of the Voluntary Agreements

We are pleased to report substantial progress since March 1 to further develop and evaluate the VAs. Work has advanced through three primary work groups, each composed of representatives from the State Team, the Bureau of Reclamation, water agencies and environmental groups:

1. The **Assets to Outcomes Work Group** is identifying how the water flows, habitat and funding provided through the VAs—known as "assets"—could result in measurable, achievable outcomes that will reasonably protect native fish species and other beneficial uses. The goal of this work group is to provide the State Water Board with information necessary to determine whether the VAs' assets will result in providing reasonable protection of the beneficial uses as required by law.

2. The **Governance, Science and Adaptive Management Work Group** is structuring a decision-making process that would govern implementation of the VAs to adaptively manage the water flows and habitat provided by the VAs. This group is designing a science program to track and report outcomes of the various assets and provide scientific information to support effective adaptive management. This collaborative decision-making approach utilizing real-time scientific monitoring could significantly improve our state's environmental management of these river systems.
3. The **Policy Work Group** is addressing critical path legal and policy questions, such as enforceability of the VAs' terms and appropriate amendments or updates to the Bay-Delta Plan that remain to be resolved. This work group has received extensive support from a Legal Work Group that drafted the Planning Agreement submitted March 1.

The work of each of these three groups is guided by a Plenary meeting of all groups participating in the VAs, which takes place every three weeks and is led by the Secretaries. Detailed below is the specific progress made in each work group, as well as outstanding work yet to be completed.

Assets to Outcomes Work Group

Since March 1, this work group has completed an enormous amount of work. First, it has clarified the complicated details regarding the water flows and habitat projects proposed by participating water agencies in each tributary; this clarification is essential for the State Team to analyze the VAs.

The work group has also discussed the methodology that will be used to analyze these assets and the outcomes they can be anticipated to produce, as well as an approach to comparing the outcomes generated by the VAs assets to the outcomes generated by the unimpaired flows proposed by the State Water Board staff.

Extensive discussion has taken place about how to analyze the water flow assets in the state's current analytical models, including CalSIM, SacWAM, and WSE.¹ The State Water Board released a preliminary baseline run for SacWAM and held a webinar to review the latest version of the model. DWR and the State Water Board have been working together to assure an understanding of potential differences between CalSIM and SacWAM representation of flow assets, and towards a comparison of baseline runs. These baseline runs are nearly completed, and substantial progress has been made on modeling the VAs and unimpaired flows.² Once completed, this work will make it possible to analyze and compare the modeled results of the flow assets in each of the

¹ CalSIM, which is a DWR model, and SacWAM and WSE, which are State Water Board models, all assess the effects of hydrologic changes in the Sacramento and San Joaquin River systems.

² These models are based on a monthly time step; other tools that can complement them by evaluating items like water temperature on a daily time step may be considered and integrated into the analysis as well.

tributaries and in the Delta, and will allow individual river systems to perform important analysis and understand parameters such as water temperature.

This work group has also clarified details of habitat enhancements proposed in the VAs so these assets can be analyzed for anticipated outcomes. Two different analytical tools will be used to evaluate the habitat assets— one in the tributaries and the other in the Delta. The first tool will assess the relationship between water flows and habitat improvement and expansion in each tributary and produce information to evaluate whether the combination of flow and non-flow measures meets specific suitability requirements and can support healthier native fish populations. The other Delta-focused tool utilizes a hydrodynamic model to evaluate the impacts of different variations of flow and habitat assets on various fisheries habitat indicators such as water depth, velocity, salinity, etc. Ultimately, the CalSIM and SacWAM hydrological analyses must be paired with these two habitat appraisal tools to produce an overall assessment of the VAs' combined flow and habitat approach and its ability to contribute to the Bay-Delta Plan's objectives.

The Assets to Outcomes workgroup is also developing biological and environmental targets (BETs) for the VAs to guide both finalization of the agreements and scientific monitoring and decision-making during the 15-year term of the agreements. Some BETs will establish compliance targets, which will define the intended contribution of the VAs towards meeting the legal and policy requirements of the Bay-Delta Plan. Other BETs will serve as benchmarks to track the success of the VAs by evaluating their effectiveness in improving the success of native fish and wildlife at different life stages and in different locations; understanding the response of native fish and wildlife; and improving scientific understanding throughout the watersheds. This work group will need to finalize BETs and integrate them into the governance, science and adaptive management program so they can inform the deployment of available assets to provide the greatest biological benefits. These activities will be completed in coordination with the Governance, Science and Adaptive Management Work Group.

In a separate but related process, the State Water Board is developing a set of biological goals as required by the current Bay-Delta Plan. These biological goals are broader and concern all implementation actions in the Bay-Delta watershed, including actions that are required for water rights holders who are not parties to a VA. The BETs developed through the VAs process will be integrated with the State Water Board's broader biological goals.

In the coming months, the work group will work closely with the State Team to explore further revisions to flow modeling and to discuss the results of analysis of flow and non-flow assets. This discussion is expected to yield a preliminary quantitative and qualitative assessment of the outcomes of the VAs and a description of how VAs outcomes compare with the outcomes expected from the State Water Board's unimpaired flow approach. This group will also need to finalize a set of biological and environmental targets, describe how these targets will be incorporated into the VAs, and inform the

drafting of a report to examine and articulate the scientific basis for the VAs approach to attaining required outcomes.

Governance, Science and Adaptive Management Work Group

This work group has made significant progress since March 1 developing recommendations for the governance and science program of the VAs. The description of the proposed VAs governance now includes:

1. Principles to guide how parties to the VAs will work together to implement the agreements;
2. A collaborative governance structure intended to balance regional capabilities and constraints in the tributaries and the Delta with a systemwide approach;
3. A consensus-oriented strategic planning and decision-making approach for the deployment of VAs assets that is intended to be science-based and transparent; and
4. A process for reviewing progress toward desired environmental and biological outcomes and recommending adjustments to the deployment of assets to achieve improved outcomes.

These recommendations have been informed by successful collaborative governance structures for shared water management in other areas of the country, which have been highlighted by consultants from Compass—a nationally recognized expert on water governance retained by this work group.

The updated VAs science program description includes functions and products that are intended to: track and report on the deployment of VAs assets and associated progress toward VAs targets; help reduce management-relevant uncertainties; and recommend adaptive management adjustments to the deployment of VAs assets (to the extent that the deployment of VAs assets is flexible).

Several important aspects of the VAs governance system are unresolved and require additional detail on the VAs assets and resolution of several key policy questions. These policy questions include, but are not limited to: 1) the State Water Board's role in VAs implementation; 2) how funding for habitat projects and science activities will be collected and allocated, and how state funding will be used; 3) whether there should be a single, master agreement for all parties or individual agreements, and who the signatories should be; and 4) what will happen if desired or required environmental outcomes (as defined by BETs) fail to materialize, despite compliance with deployment requirements for VAs assets. The Policy Work Group is the designated forum for discussion of issues and will be addressing them in coming weeks. While these questions are being discussed and resolved, this work group will further develop proposed governance structures and processes for specific tributaries and the Delta.

Policy Work Group

In February, a Legal Work Group was organized to draft the Planning Agreement submitted to the State Water Board on March 1. This Planning Agreement identified several critical path legal and policy issues that must be resolved to complete the proposed VAs. Accordingly, consensus on these issues is critical to successful VAs. In April, a Policy Work Group was formed that includes representatives of each tributary participating in the VAs and environmental conservation organizations to discuss and recommend to the Plenary aligned approaches on these important critical path issues.

The Policy Work Group has focused on five principal issues:

1. Whether the Bay-Delta Plan should be amended to include a new or modified water quality objective related to the viability of native fishes;
2. What assurances the State Water Board should provide that it will not require additional contributions of flows or funds from the parties during the term of the VAs;
3. How should the State Water Board enforce the commitments contained in the VAs;
4. How the VAs relate to non-settling parties; and
5. What happens at the end of the VAs' 15-year term.

Working closely with the State Team, the Policy Work Group met regularly in May and June to develop a document that identifies key options for resolving critical path issues and provides a brief policy rationale for each option. The Policy Group continues to meet weekly to discuss these options with the intent of coalescing around agreed-upon approaches.

Looking ahead, the stakeholders, through a regular plenary group meeting, will consider the Policy Work Group's options for resolving these issues. After resolution, the Legal Work Group will undertake drafting legally operative text for incorporation of these policy and legal issues into the VAs.

Schedule Moving Forward

Over the next three months, the three work groups will continue to discuss, develop and ultimately finalize needed components of the proposed VAs. The State Team will need to review the VAs in a comprehensive form, with each of these components inserted, to come to a collective conclusion as to whether the VAs can provide the reasonable protection of beneficial uses required by law.

By October of this year, the State Team expects to have the modeling and scientific analysis nearing completion and the governance and adaptive management structure in close to final form. Assuming the critical path policy and legal questions are also either resolved or close to resolution, the State Team should have enough information

on each of the component parts to determine the adequacy of the VAs by October 15.

If the State Team decides to recommend that the State Water Board consider the VAs in their current form, the State Water Board will proceed to complete the remaining analyses required by law. First, the scientific basis report being developed by the State Team with input from the Assets to Outcomes working group will be submitted for independent scientific peer review. On the current timeline, that process will be complete by the spring of 2020. During this time, the VAs parties will continue to make refinements to the biological and environmental targets.

Second, as contemplated by the Planning Agreement, the State Water Board will also need to complete environmental review of the VAs and the updated Water Quality Control Plan pursuant to the California Environmental Quality Act (CEQA). While this process will be time consuming, it will be a priority of the State Water Board to complete. On the current timeline, a draft CEQA document would be released for public comment in the summer of 2020, with a finalized document complete by the following year. With successful VAs in place, implementation of the updated Bay-Delta Plan could begin immediately thereafter.

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any other person, and the person who is the subject of the investigation, shall be notified of the investigation and the results thereof. The person who is the subject of the investigation shall be notified of the investigation and the results thereof. The person who is the subject of the investigation shall be notified of the investigation and the results thereof.

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1. The first condition is that the person must be a citizen of the United States. This is a requirement that is not met by the person in question, as he is a foreign national.

2. The second condition is that the person must be a resident of the United States. This is also a requirement that is not met by the person in question, as he is not a resident of the United States.

3. The third condition is that the person must be a member of the armed forces of the United States. This is a requirement that is not met by the person in question, as he is not a member of the armed forces of the United States.

4. The fourth condition is that the person must be a member of the National Guard or the Reserve. This is a requirement that is not met by the person in question, as he is not a member of the National Guard or the Reserve.

5. The fifth condition is that the person must be a member of the National Guard or the Reserve. This is a requirement that is not met by the person in question, as he is not a member of the National Guard or the Reserve.

6. The sixth condition is that the person must be a member of the National Guard or the Reserve. This is a requirement that is not met by the person in question, as he is not a member of the National Guard or the Reserve.

7. The seventh condition is that the person must be a member of the National Guard or the Reserve. This is a requirement that is not met by the person in question, as he is not a member of the National Guard or the Reserve.

8. The eighth condition is that the person must be a member of the National Guard or the Reserve. This is a requirement that is not met by the person in question, as he is not a member of the National Guard or the Reserve.

9. The ninth condition is that the person must be a member of the National Guard or the Reserve. This is a requirement that is not met by the person in question, as he is not a member of the National Guard or the Reserve.

10. The tenth condition is that the person must be a member of the National Guard or the Reserve. This is a requirement that is not met by the person in question, as he is not a member of the National Guard or the Reserve.

**REPORT OF CONSTRUCTION CHANGE ORDERS AND
CONTRACTS APPROVED BY GENERAL MANAGER UNDER
DELEGATED AUTHORITY**

Construction Contract Change Orders (15% of original project costs or \$50,000, whichever is less) - none

Construction Contracts (\$45,000 and less) - none

**Professional Service Agreements (\$45,000 and less) -
None**

Non-Professional Service Agreements (\$45,000 and less) -

**Construction contracts resulting from informal bids authorized by SCWA
Ordinance- none**

Note: Cumulative change orders or amendments resulting in exceeding the dollar limit need Board approval.

**ACTION OF
SOLANO COUNTY WATER AGENCY**

DATE: July 11, 2019

SUBJECT: Flood Management Policy Revisions

RECOMMENDATIONS:

Adopt revisions to Flood Management Policy proposed by Flood Control Advisory Committee

FINANCIAL IMPACT:

None

BACKGROUND:


On December 13, 2018 the Board adopted the Flood Management Policy (attached), which among other things includes a provision for periodic – at least annually - Board review and potential revision. In 1998 the Board created the Flood Control Advisory Committee (FCAC) to assist with the development of the Master Drainage Plan and advise the Board on a variety of flood related issues. In recent years much of the FCAC efforts have been directed toward flooding issues in the unincorporated portions of the County and outreach efforts pertaining to the Water Agency's Flood Control Small Grant Program.

The Flood Management Policy, as currently drafted, does not acknowledge the long standing role of the FCAC but in hindsight should. Water Agency staff and the FCAC are proposing the attached text revisions to the Flood Management Policy (see Section 4. of Flood Management Policy document) to correct this deficiency.

RELEVANCE TO 2016-2025 SCWA STRATEGIC PLAN

Defining the Water Agency's future role in flood management and development of a Flood Management Policy is one of the stated goals of the 2016-2025 SCWA Strategic Plan.

Recommended: _____


Roland Sanford, General Manager

☐

Approved as
recommended

☐

Other
(see below)

☐

Continued on
next page

Modification to Recommendation and/or other actions:

I, Roland Sanford, General Manager and Secretary to the Solano County Water Agency, do hereby certify that the foregoing action was regularly introduced, passed, and adopted by said Board of Directors at a regular meeting thereof held on July 11, 2019 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Roland Sanford
General Manager & Secretary to the
Solano County Water Agency

June 19, 2019

Memo: To the Solano County Water Agency (SCWA) Board of Directors

From: The Flood Control Advisory Committee (FCAC)

RE: Purpose of the Flood Control Advisory Committee and Revision to the SCWA Flood Management Policy

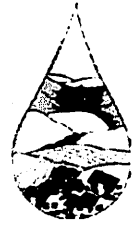
The Flood Control Advisory Committee (Committee) is a group of nine members consisting of Solano County landowners and representatives from the Dixon Resource Conservation District, Solano Irrigation District, and Solano County.

The purpose of the Committee is to

1. Advise SCWA on determining flood control projects and programs.
2. Provide SCWA with updates of current flooding issues throughout Solano County, including land use changes.
3. Serve as a liason between SCWA and the general public.
4. Promote flood control programs to the general public and provide public outreach.
5. Advise SCWA on future and potential flood control projects.
6. Advise SCWA on flood control budgets.
7. Advise SCWA on the Large Grant and Small Grant Programs.
8. Meet as a standing Committee.
9. Work with the Flood Management Technical Working Group in the areas of advocating for landowners and landowner education.
10. Work with Solano Resource Conservation District in the areas of landowner outreach, advocacy and education.

The Flood Control Advisory Committee requests a revision of the SCWA Flood Management Policy to include a description of its purpose as an advisory Committee to SCWA on flood management issues.

SOLANO COUNTY WATER AGENCY



Flood Management Policy (Adopted December 13, 2018)

Introduction

The Solano County Water Agency (SCWA) Board of Directors recognized the need to define SCWA's role in flood management and included that need in their 2016 – 2025 Strategic Plan (Goal #3, Objective B).

Goal #3: Flood Management: Implement SCWA's role in flood management.

B Define SCWA's role in flood management.

SCWA's Water Policy Committee was tasked with developing a draft policy for consideration and approval by the full Board. The following represents the Committee's best thinking.

Overview

There currently is no one agency responsible for flood management in Solano County. Responsibility for flood management runs the gamut from areas of overlapping jurisdiction to areas not actively served by flood management agencies. Additionally, there is no consistent coordination between upstream and downstream users. Given that one person's drainage has the potential to be another person's flood, the need for coordination is evident.

The Committee recognizes that the residents of the County would benefit from a regional approach to flood management, and that SCWA is well positioned to facilitate, coordinate, communicate and collaborate with the County and the cities, irrigation districts, reclamation districts, and resource conservation districts (hereafter called "stakeholder agencies"¹) and other interested parties within Solano County. Currently, SCWA is responsible for operations and maintenance of the Ulati Flood Control Project and the Green Valley Flood Control Project. SCWA also has authority to deal with flood control matters within the boundaries of SCWA, though SCWA is not a first responder.

¹ Stakeholder agencies include: Solano County; the cities of Benicia, Dixon, Fairfield, Rio Vista, Suisun City, Vacaville, Vallejo; Reclamation District 2068; Maine Prairie Water District; Solano Irrigation District; Dixon Resource Conservation District (RCD); Solano RCD; and Suisun Marsh RCD.

- iv) Definition of jurisdictional responsibilities including each agency and district's roles and responsibilities – and geographical area served.
- v) Identification of SCWA and stakeholder agency committees, their purpose, membership, and how they operate (see #3 and 4).
- b) Revise and update Hydraulic Design Manual.
- c) Identify and Map jurisdictional areas based on watershed.

2) Facilitate a process, with preference for early consultation, to review new projects, development proposals, expansion projects and change of land use projects within the entire County that might contribute to flooding

Currently, not all jurisdictions that may be affected by drainage system modifications, development or change of land use are aware of pending plans in other jurisdictions. Only after the completion of the project are downstream users acquainted with any drainage or flood impacts – at which point it is too late or expensive to redesign the project. The goal of this process is to provide an easy and efficient method for notifying stakeholder agencies and organizations and allow each the opportunity to review potential land use changes and analyze the flood impacts of the project. The desired outcome is to manage flooding to protect lives and property through better communications and early identification of issues. To achieve this outcome:

- a) SCWA would act as a “clearinghouse” to disseminate project notifications.
 - i) All stakeholder agencies would submit “Project Notification and Request for Review” and maps of any applicable projects to SCWA.
 - ii) SCWA would send out the notification to the flood management Point of Contact (POC) in each stakeholder agency – along with contact information of the originating jurisdiction.
 - iii) To confirm notification and review, stakeholder agencies would respond to the project proponent, with a copy to SCWA, commenting that the project would likely have:
 - (1) No Impact,
 - (2) Minor Impact,
 - (3) Major Impact – and request the full packet of information.
 - iv) It would be up to the individual stakeholder agency to submit comments and/or attend the originating jurisdiction's review meeting.
- b) Once the County's watershed boundaries are mapped, future notifications could be tailored to only agencies within a specific watershed.

3) Convene Flood Management Technical Working Group

A group of multi-disciplined experts including engineers, land use planners, scientists and flood managers from the stakeholder agencies would serve a multitude of purposes. SCWA would convene a Technical Group to:

- a) Advise the Water Policy Committee as requested (see #7).
- b) Review Master Drainage Plan (see #1).
- c) Develop BMPs for stream channel maintenance (see #5).
- d) Review the potential for expansion of flood management facilities.
 - i) Recommend alternatives for future growth.
 - ii) Determine life-cycle costing of upgrades and new facilities.
- e) Discuss flood management issues and create recommendations to reduce flooding using a system-wide approach including drainage ditches, floodplain management and other strategies.
- f) Develop criteria and score regional projects (see #4.a.ii).
- g) Coordinate the flood management message to the public (See #6) by developing ideas and reviewing drafts.
- h) Initially meet monthly.

4) Maintain Flood Control Advisory Committee and sustain Committee functions

The Flood Control Advisory Committee was created in 1998 to advise SCWA on flood control activities and provide a forum for hearing landowner flooding concerns. Within recent years the Committee has focused on flooding issues in the unincorporated portions of the County. Moving forward, the Committee will:

- a) Continue to advise SCWA on flood control activities.
- b) Continue to provide a forum for hearing landowner flooding concerns.
- c) Work with Flood Management Technical Working Group (see #3), Solano Resource Conservation District, and SCWA staff.
 - i) Assist County/cities/agencies/private property owners (see #5)
 - ii) Coordinate flood management message to the public (see #6)

5) Assist County/cities/agencies/private property owners

SCWA has resources to assist local government entities and private property owners with leveraging resources, lobbying, and securing permits. Recommended activities include:

- a) Leverage resources to fund large flood management projects.

- i) Review standing policy (i.e., fund up to 1/3 of capital costs) – and revise as necessary.
 - ii) Use Flood Management Technical Committee (#3) to develop criteria and score projects.
 - iii) Tie funding to outcome-based projects.
 - iv) Include other public benefits (including groundwater recharge, habitat, etc.)
 - v) Advocate on behalf of cities, agencies, and County as requested. Efforts could include support for levee maintenance, creek and drainage clearing, permitting or other.
 - vi) Promote coordination with other regulatory and non-regulatory programs to minimize duplicative work.
 - vii) Secure permits including regional permits and assist/consult with individual landowners to implement projects that fall within the regional permit.
- b) Continue funding existing programs (Small Grant Program to assist landowners with localized flood management issues, Sweeney Creek Home Raising Program to elevate homes in flood prone areas, funding and technical assistance for development of local and regional watershed management plans and technical studies).
 - c) Expand Small Grant Program to include additional assistance with the acquisition of regulatory permits.
 - d) Conduct annual “call for projects” each spring to solicit funding requests for projects that can be funded through the Water Agency’s various grant funding programs (see #4.a,b,c).
 - i) Use Flood Management Technical committee (see #3) to review and rank project proposals, and make funding recommendations to Water Agency Board of Directors.

6) Develop County-wide recommended Best Management Practices (BMPs) for preservation of flood conveyance capacity of natural watercourses

Compliance with the BMPs would be voluntary – but highly encouraged. This recommendation includes:

- a. Creation of Best Management Practices (BMPs) for stream channel maintenance including vegetation management, sediment removal and bank protection.

- b. Highlighting the connection between BMP compliance and consistency with regional permits.
- c. Creation of implementation recommendations that comply with regional permits.
- d. Encourage planning that recognizes and discourages over subscription of available capacity.

7) SCWA to lead resident/landowner education

Rather than have each jurisdiction duplicate efforts, SCWA is in a position to create educational materials to address flood protection, and promote BMPs for channel and streambed maintenance. The Flood Management Technical Group (#4) would consult on the development of the materials, which would be made available for use by any of the stakeholder agencies.

- a. Main Theme: Be Neighborly - emphasizing downstream responsibilities.
- b. Sponsor community engagement and education in coordination with the RCDs.

8) Incorporate Adaptive Management Strategies

Changing conditions require the need to review and revise policies as necessary. The SCWA Water Policy Committee is well suited to fulfill this function. The Water Policy Committee will review flood management policies at least annually, and address any immediate concerns as required.

ACRONYMS

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| BMP | Best Management Practice |
| CCR | California Code of Regulations |
| CDFG | California Department of Fish and Game |
| CDPR | California Department of Pesticide Regulation |
| CEQA | California Environmental Quality Act |
| CIP | Capital Improvement Project |
| Corps or USACE | U.S. Army Corps of Engineers |
| CWA | Clean Water Act |
| DO | Dissolved Oxygen |
| EIR | Environmental Impact Report |
| EPA or USEPA | U. S. Environmental Protection Agency |
| ESA | Federal Endangered Species Act |
| FCAC | Flood Control Advisory Committee |
| GIS | Geographic Information System |
| ISA | International Society of Arboriculture |
| LWD | Large Woody Debris |
| MOU | Memorandum of Understanding |
| MS4 | Municipal Separate Storm Sewer Systems |
| NAHC | Native American Heritage Commission |
| NHPA | National Historic Preservation Act of 1966 |
| NMFS | National Marine Fisheries Service |
| NOAA | National Oceanic and Atmospheric Administration |
| NPDES | National Pollutant Discharge Elimination System |
| NPS | Nonpoint source |
| NRCS | Natural Resources Conservation Services, a division of the U.S. Department of Agriculture |
| OHWM | Ordinary High Water Mark |
| PCN | Preconstruction Notification Report |
| PRC | California Public Resources Code |
| RMA | Routine Maintenance Agreement |
| RWQCB | Regional Water Quality Control Board |
| SHPO | State Historic Preservation Officer |
| SMP | Stream Maintenance Program |
| SWRCB | State Water Resources Control Board |
| TMDL | Total Maximum Daily Loads |
| USACE | U.S. Army Corps of Engineers |
| USEPA | U. S. Environmental Protection Agency |
| USFWS | U.S. Fish and Wildlife Service |

GLOSSARY OF SIGNIFICANT TERMS

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| Adaptive management | Learning from experience by adjusting management practices based on the feedback received through monitoring. |
| Alluvial fan | A landscape feature that is formed by the accumulation of sediment and organic material deposited by flowing water, and formed at the point where a stream enters a valley or plain or another, larger stream. |
| Amphibian | A cold-blooded vertebrate that spends some time on land but must breed and develop into an adult in water. Frogs, salamanders, and toads are amphibians. |
| Anadromous fish | Fish that are born and rear in freshwater, move to the ocean to grow and mature, and return to freshwater to reproduce. Salmon, steelhead, and lamprey eel are examples of anadromous species. |
| Armoring | Protective coverings or structures (natural or man-made) used to dissipate the erosive energy of water. |
| Atmospheric River | Atmospheric rivers are relatively long, narrow regions in the atmosphere – like rivers in the sky – that transport most of the water vapor outside of the tropics. |
| Bank failure | Occurs where a significant portion of the streambank has failed, slumped, eroded into the creek below, or has been removed entirely. |
| Bank stabilization | The act of preventing erosion or repairing an eroded bank in order to provide a stable streambank. |
| Bedform | A feature of a river or other flowing body of water that is formed by the movement of sediment and other material due to the flow of water. |
| Best Management Practices (BMPs) | A technique or series of techniques, which is the best known practice available to be effective in protecting water quality and stream habitat. |
| Brackish water | Somewhat salty, especially from being a mixture of fresh and salt water. |

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| Channel | A stream, river bed or constructed ditch; generally refers to the physical form where water commonly flows. |
| Channel reach | See: Stream reach. |
| Climate change | Climate change is a change in the usual weather found in a place. |
| Cofferdam | A temporary watertight structure that is pumped dry to enclose an area underwater and allow construction work to be carried out. |
| Culvert | A transverse drain, usually a metal pipe, set beneath the road surface which drains water from the inside of the road to the outside of the road. Culverts are used to drain ditches, springs, and streams across the road alignment. |
| Detritus | Organic debris formed by the decomposition of plants or animals; fragments of rock that have been worn away. |
| Dewatering | The temporary diversion of water away from a work site to protect water quality and allow progression of work. Diversion is accomplished with coffer dams, pipes, or other means. Water is removed from the work site only, and not the entire stream or body of water. |
| Downed tree | Trees and large branches that naturally fall into stream channels. Such debris can promote recruitment of woody in channels to benefit instream habitat. However, downed trees may threaten flood conveyance capacity or channel stability. |
| Drainage basin | See: Watershed. |
| Drop inlet | A vertical riser on a culvert inlet, usually of the same diameter as the culvert, and often slotted to allow water to flow into the culvert as streamflow rises around the outside. Drop inlets are often used on stream or ditch relief culverts where sediment or debris would otherwise threaten to plug a traditional horizontal inlet. |
| Easement | A limited right to make use of a property owned by another, e.g. a right of way across the property. |
| Ecology | The study of the relationships between living organisms and their interactions with their natural or developed environment. |

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| Emergency | "A sudden, unexpected occurrence, involving a clear and imminent danger, demanding immediate action to prevent or mitigate loss of, or damage to, life, health, property or essential public services. Emergency includes such occurrences as fire, flood, earthquake, or other soil or geologic movements, as well as such occurrences as riot, accident, or sabotage." (CEQA 15359). |
| Endangered Species | Any species which is in danger of extinction throughout all or a significant portion of its range; an official designation of the California and/or Federal Endangered Species Acts. |
| Erosion | The wearing away of land surface primarily by wind or water. Erosion occurs naturally as a result of weather or runoff, but can be intensified by clearing, grading, or excavation of the land surface. Erosion usually refers to processes of surface erosion (rain drop erosion, rilling, gullying, and ravelling) and not to mass soil movement (landsliding). |
| Erosion protection | The act of preventing erosion from occurring or repairing an eroded bank in order to provide a stable streambank that will not require additional maintenance in the foreseeable future |
| Floodplain | A nearly level alluvial plain that borders a channel and is occasionally inundated by floods (unless artificially protected). The landform is formed by sediment transport and deposition from flows over the streambank and lateral movement of the stream. The '100-year floodplain' represents the area potentially inundated for an unusual but possible flood event with the probability of occurring once every 100 years on the average. |
| Fluvial Geomorphology | A science devoted to understanding how the natural setting and human land use in a watershed determine the shape of the river channel. |
| Geographic information system (GIS) | A computer system designed for storing, manipulating, analyzing, and displaying data in a geographic context, usually as maps. |
| Geomorphology | The study of the physical features of the surface of the earth, including their form, nature, origin, and development. See also fluvial geomorphology. |
| Groundwater | The standing body of water beneath the surface of the ground, consisting largely of surface water that has seeped down into the earth. |

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| Hardscape | Inanimate, engineered elements of landscaping, such as rock. |
| Headwater | The place from which the water in the river or stream originates. |
| Hydraulic roughness | The amount of frictional resistance water experiences when passing over land and channel features. |
| Hydrologic unit | A drainage area delineated to nest in a multi-level, hierarchical drainage system. Its boundaries are defined by topographic criteria that delineate an area of land upstream from a specific point on a river, stream, or similar surface waters. |
| Hydrology | The scientific study of the properties, distribution, use, and circulation of the water on Earth and in the atmosphere in all of its forms. |
| Hydromodification | The "alteration of the hydrologic characteristics of waters, which in turn could cause degradation of water resources (source: EPA). |
| Invasive species | Species that show a tendency to spread out of control. |
| Large woody debris (LWD) | Portions of downed trees, such as large branches and root wads, that collect in the stream and provide channel structure and habitat for aquatic animals. |
| Levee | An embankment built to prevent the overflow of a river. |
| Life cycle cost | The cost of an asset that includes the initial (projected) capital costs, projected life-time operating costs, projected life-time maintenance costs, projected capital rehabilitation costs, projected disposal costs, and projected residual value. |
| Limbing | The removal of unwanted branches from a tree. |
| Loppers | A large type of scissors used for pruning twigs and small branches. They are usually operated with two hands. |
| Microclimate | A microclimate is the climate of a small, specific place within an area as contrasted with the climate of the entire area. For example, a small sunny area that is sheltered from harsh winds and frost of the surrounding region. Such a microclimate provides a different habitat than its surroundings. |

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| Ordinary High Water Mark | “That line on the shore established by the fluctuations of water and indicated by physical characteristics such as a clear, natural line impressed on the bank, shelving, changes in the character of the soil, destruction of terrestrial vegetation, the presence of litter and debris, or other appropriate means that consider the characteristics of the surrounding area.” [33 CFR 328.3(e)] |
| Outfall | The location where discharge from a culvert (drainage pipe) occurs. |
| Propagule | Any of various usually vegetative portions of a plant, such as a bud or other offshoot, that aid in dispersal of the species and from which a new individual may develop. |
| Pruning | To cut branches away from a plant to manipulate growth. |
| Reach | See: Stream reach. |
| Refugia | An isolated place of relative safety from danger and hardship used by aquatic species, such as fish; the only remaining high quality habitat within an area. |
| Riffle | An area of rocks or a sandbar lying just beneath the surface of the water. |
| Rip-rap | Large rocks or other suitable material placed on the ground or along streambanks as an armoring device to prevent or reduce erosion. |
| Riparian | The banks and other lands adjacent to lakes, watercourse, estuaries, and wet areas. Often refers to water-loving vegetation along the water’s edge. |
| Runoff | Rainfall which flows overland across the surface or hillslopes and along roads and trails. |
| Salmonid | A species of fish that is a member of the salmon and trout family. Also see: Anadromous fish. |
| Scour | To clear something out by passing water through it; a place that has been scoured, especially by water. |
| Sea level rise | An increase in the volume of water in the world’s oceans, resulting in an increase in global mean sea level. |
| Sediment | Organic or inorganic material that is carried or suspended in water and that settles out to form deposits in the stream system or receiving waters. |
| Shade tolerance | A plant's abilities to tolerate low light levels. |

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| Silt fence | A constructed barrier used to contain soil eroded from a construction site. The barrier is made from filter fabric stretched between fence posts placed on contour along a slope. |
| Siltation | Fine-grained sediment, especially of mud or clay particles at the bottom of a river or lake. |
| Species of Special Concern | A designation used by California (CSC) and federal (FSC) agencies to refer to those species of animals (and sometimes plants) that have declining population levels, limited ranges, and/or continuing threats that have made them vulnerable to extinction. They may soon reach the point where they meet criteria for listing as threatened or endangered under the State and/or Federal Endangered Species Acts. No special legal protections are associated with this designation alone. |
| Storm water | The runoff generated when precipitation from rain and snowmelt events flows over land or impervious surfaces without percolating into the ground. |
| Stream | A natural waterway that transports water in a perennial, intermittent, or ephemeral circumstance. |
| Streambank | That portion of the channel bank cross-section that controls the lateral movement of water. |
| Streambank erosion | A natural process driven by stream bank characteristics (erodibility) and hydraulic/gravitational forces. Many land use activities can affect both of these components and lead to accelerated bank erosion. Acceleration of this natural process leads to a disproportionate sediment supply, stream channel instability, land loss, habitat loss and other adverse effects. |
| Streambank stabilization | See: Bank stabilization. |
| Stream channel incision | The deepening of the channel of a stream by erosion. |
| Stream reach | A continuous portion of a stream between two designated points. |
| Swale | A depression or low area on a hillslope which rarely carries runoff except during high rainfall events. |
| Terrace | A low-gradient surface formed by fluvial aggradation or erosion when the stream flowed at a higher elevation in the landscape. The term implies that the surface is rarely inundated by floods in the current climate. |
| Thalweg | The line of lowest elevation within a valley or watercourse. |

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| Threatened Species | Any species which is likely to become an endangered species within the foreseeable future throughout all or a significant portion of its range; an official designation under the California and/or Federal Endangered Species Acts. |
| Toe-of-slope | The base of an embankment; the base of the streambank where it meets the channel bed. |
| Total Daily Maximum Load | A process under the federal Clean Water Act that provides a tool for implementing State water quality standards and is based on the relationship between pollution sources and instream water conditions. |
| Tree snags | A dead or dying tree that is still standing in place. |
| Tributary | A stream or river that flows into a larger stream, river, or lake. |
| Turbidity | Water that is cloudy or muddy usually due to suspended sediment. |
| Understory | Lower vegetation in a forest; a layer of small trees and bushes below the level of the taller trees. |
| Water quality | A measure of the suitability of water for a particular use based on selected physical, chemical, and biological characteristics. |
| Watershed | The area or drainage basin contributing water, organic matter, dissolved nutrients and sediments to a stream or lake. |

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**ACTION OF
SOLANO COUNTY WATER AGENCY**

DATE: July 11, 2019

SUBJECT: Habitat Restoration and Monitoring Agreements with Solano Land Trust and PG&E

RECOMMENDATIONS:


1. Authorize General Manger to sign Habitat Mitigation and Monitoring Agreement between the Agency and Solano Land Trust.
2. Authorize General Manger to sign Habitat Restoration and Enhancement Agreement between the Agency and PG&E.

FINANCIAL IMPACT:

None, other than staff time.

BACKGROUND:

Pursuant to the 1999 Solano Project water supply contract between the United States Bureau of Reclamation and the Solano County Water Agency, the Water Agency is required to prepare and implement the Solano Habitat Conservation Plan to among other things, mitigate the loss of habitats for certain animal species – habitats that are lost due to urban or agricultural activities in Solano County that occur or are otherwise made possible due to the availability of the Solano Project water supply. Preparation of the HCP has taken well over a decade due in part to frequent reorganization and staff shuffling at the U.S. Fish and Wildlife Service and the California Department of Fish and Wildlife. Nevertheless, the project – preparation of the HCP – is nearing completion and it is anticipated that HCP will be adopted within the next 12 months (note: an HCP Board workshop will be scheduled later this year to more fully brief Board members on the HCP and its forthcoming implementation).

Recommended: 
Roland Sanford, General Manager

☐

Approved as
recommended

☐

Other
(see below)

☒

Continued on
next page

Modification to Recommendation and/or other actions:

I, Roland Sanford, General Manager and Secretary to the Solano County Water Agency, do hereby certify that the foregoing action was regularly introduced, passed, and adopted by said Board of Directors at a regular meeting thereof held on July 11, 2019 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Roland Sanford
General Manager & Secretary to the
Solano County Water Agency

In anticipation of HCP adoption and subsequent implementation, staff is recommending the Water Agency enter into agreements with the Solano Land Trust (SLT) and PG&E to facilitate implementation of the Solano HCP and coordination with a separate HCP that PG&E is implementing in portions of Solano County.

The Solano Land Trust (SLT) owns several ranches in eastern Solano County that provide habitats for a number of special status species. Several of these species; California Red-legged frog, Callippe Silverspot Butterfly, and Burrowing Owl are “Covered Species” in the Solano HCP, as well as PG&E’s HCP. Both HCPs will need to secure mitigation credits for these Covered Species, either by purchasing fee title to property that does or could provide the necessary habitats, or by obtaining conservation easements on property owned by others.

Unfortunately, there are currently no commercial mitigation banks selling mitigation credits for the aforementioned Covered Species, or even very many privately held land parcels in Solano County that could be purchased to satisfy or otherwise create the necessary mitigation credits. Accordingly, the procurement of conservation easements on SLT property is in staff’s opinion, the most viable option for obtaining mitigation credits in Solano County for the California Red-legged frog, Callippe Silverspot Butterfly, and possibly the Burrowing Owl.

The manner in which conservation easements are held and mitigation credits claimed is complicated. Suffice it to say, the preferred and in the case of PG&E, the only option, is for one entity to hold the conservation easement and another to receive the mitigation credits. From the State and Federal resource agencies perspective, to have an entity own the conservation easement and receive the associated mitigation credits is analogous to the “fox in the hen house scenario”.

Through the agreement between the Water Agency and SLT, the Water Agency would obtain the desired conservation easements, while the agreement between the Water Agency and PG&E would allow PG&E to claim its needed mitigation credits. In essence, the Water Agency would serve as a “pass through” between SLT and PG&E, for PG&E’s acquisition of mitigation credits. Pursuant to the agreement between the Water Agency and PG&E, the Water Agency would be reimbursed for costs incurred. Once the Water Agency’s HCP is approved, it is anticipated that PG&E will serve the “pass through” role that will allow the Solano HCP to obtain the desired mitigation credits from SLT. Both agreements – between SLT and the Water Agency, and the Water Agency and PG&E - have been reviewed and approved as to language and form by Water Agency counsel.

RELEVANCE TO 2016-2025 SCWA STRATEGIC PLAN:

Developing mitigation lands is consistent with Goal 6 (*Develop comprehensive approaches to the stewardship of natural resources*), Objective A (*Implement the Solano Multi-species Habitat Conservation Plan*), and Objective D (*Identify other habitat and watershed stewardship opportunities and implement activities where feasible*) of the 2016-2025 Strategic Plan.

CONTRACT FOR HABITAT MITIGATION AND MONITORING

BETWEEN SOLANO COUNTY WATER AGENCY AND SOLANO LAND TRUST

King Ranch

February 27, 2019 Final Draft

This Contract for Habitat Mitigation and Monitoring ("**Agreement**") is entered into as of _____, 2019, by and between SOLANO COUNTY WATER AGENCY, a public agency ("**SCWA**") and SOLANO LAND TRUST, a California nonprofit public benefit corporation ("**SLT**"). SCWA and SLT may be referred to herein individually as a "**Party**" and collectively as the "**Parties**."

Capitalized terms shall have the meanings provided in this Agreement. Any capitalized term not defined in this Agreement shall have the meaning set forth in the Plan.

A. Whereas, SCWA anticipates the future need to fulfill certain mitigation requirements ("**SCWA Mitigation Requirements**") in accordance with the draft Solano Habitat Conservation Plan ("**Solano HCP**") and associated Biological Opinions and Incidental Take Permits as may be issued by the United States Fish and Wildlife Service ("**USFWS**"); and

B. Whereas Pacific Gas & Electric Company ("**PG&E**") has a current requirement to fulfill certain mitigation requirements ("**PG&E Mitigation Requirements**") in accordance with the November 22, 2017, Pacific Gas and Electric Company Bay Area Operations and Maintenance Habitat Conservation Plan (USFWS Biological Opinion No. 82 FR 15063) ("**PG&E HCP**"); and

C. PG&E has contracted with SCWA pursuant to that Habitat Restoration and Enhancement Agreement dated of even date herewith, attached as **EXHIBIT A** ("**SCWA-PGE Agreement**"), to facilitate its fulfillment of the PG&E Mitigation Requirements. The SCWA Mitigation Requirements and PG&E Mitigation Requirements may be collectively referred to herein as the "**Mitigation Requirements**"; and

D. Whereas, SLT owns certain real property in Solano County, commonly known as King Ranch, which consists of approximately 1,617.9 acres, and is more particularly described in **EXHIBIT B** and depicted on **EXHIBIT C**, both attached hereto (the "**Property**"). The Property possesses significant ecological, natural habitat, scenic, open space, agricultural, and scientific values, as more particularly described in the Initial Baseline Survey for Vallejo Swett, Eastern Swett and King Ranches, Solano County, California (SLT and PG&E, 2007); and

E. Whereas, the USFWS has agreed that the Property is an appropriate location to satisfy portions of the Mitigation Requirements; and

Item 8b.1

F. Whereas, the Mitigation Requirements require that lands used to satisfy mitigation requirements be permanently protected by means of a conservation easement, and SLT has agreed to place a conservation easement on the Property to be held by SCWA pursuant to the terms hereof; and

G. Whereas, the Mitigation Requirements require that a Long-Term Management Plan ("**Plan**") be prepared to guide mitigation and monitoring activities on the Property, and that a land manager ("**Land Manager**") be appointed to implement the Plan in perpetuity; and

H. Whereas, in accordance with the SCWA-PG&E Agreement, SLT and the USFWS have approved the Plan for the Property, attached hereto as **EXHIBIT D**; and

I. Whereas, in accordance with the SCWA-PG&E Agreement, SCWA must appoint a Land Manager, and SLT desires, is qualified and willing to serve as the Land Manager; and

J. Whereas, the PG&E Mitigation Requirements require PG&E to provide funds ("**Interim Management Funds**") for activities specified in the Plan that are necessary to prepare the Property for management as a mitigation site ("**Interim Management**") and to provide an endowment ("**Endowment Funds**") necessary to implement in perpetuity long-term management and monitoring activities required under the PG&E HCP that are assigned to the Land Manager in the Plan ("**Long-Term Management**"); and

K. Whereas, the Plan specifies that SCWA and PG&E will fund and implement certain management and monitoring tasks and may fund and implement certain future habitat restoration tasks, as further described herein and in the Plan. SCWA acknowledges and agrees that the recordation of the Conservation Easement and SLT's obligation to undertake the Work are contingent upon payment of the Contract Sum, as such payment(s) are identified and further described on the Interim Management Budget and Long-Term Management Budget, attached hereto as **EXHIBITS E-1 and E-2**; and

L. Whereas, SLT, in performance of this Agreement, will be acting in an independent capacity and not as agent or employee of SCWA or PG&E, and is not entitled to any employee rights, benefits, or privileges of SCWA or PG&E, including, but not limited to, health/dental, retirement, workers compensation, or unemployment insurance.

NOW, THEREFORE, in consideration of the terms and conditions contained in this Agreement, together with other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1: CONTRACT DOCUMENTS

The term "**Contract Documents**" shall include this Agreement (and any modifications of this Agreement pursuant to the terms hereof), the Plan (and any addenda approved as part of the Plan by the USFWS prior to execution of this Agreement, and any subsequent

Amendments made to the Plan as described in Section 6.3 of the Plan), and the SCWA-PGE Agreement, all of which form the basis of this Agreement and are as fully a part of this Agreement as if attached hereto or repeated herein.

ARTICLE 2: THE WORK OF THIS CONTRACT

2.1 SLT shall undertake commercially reasonable efforts to complete the tasks and obligations described in the Contract Documents to meet the Mitigation Requirements ("**Work**"), provided that the Work shall not include those tasks or obligations specifically indicated in the Contract Documents to be the responsibility of others. SLT may engage one or more consultants, attorneys, scientists (e.g., geologist, biologist, archaeologist, etc., as applicable), contractors and subcontractors and choose and purchase materials as SLT deems appropriate to complete the Work.

2.2 SLT will submit written annual reports and other reports to SCWA as required by Section 5.6.1 of the Plan.

2.3 The Property shall be permanently preserved in its predominantly natural condition by the execution and recordation of a conservation easement in substantially the form attached hereto as **EXHIBIT F ("Conservation Easement")**. The purpose of this Agreement is to ensure that SLT will manage the Property to preserve its scenic, natural habitat, open-space, ecological, agricultural, and scientific values in accordance with this Agreement and the Conservation Easement and as set out in the Plan. Public access to the Property shall be managed in accordance with the Plan and in a manner consistent with this Agreement and the Conservation Easement.

2.4 Effectiveness monitoring/Species and habitat monitoring (task A5-1 in the Plan) ("**Task A5-1**") will be conducted by SLT until the Solano HCP is approved, but SCWA may take on this function after the approval, as described in the Plan. If SCWA elects to take on this function, it will provide 60 days written notice to SLT that SCWA intends to assume Task A5-1.

ARTICLE 3: DATE OF COMMENCEMENT AND TIMELINE FOR COMPLETION

3.1 SLT shall begin the Work promptly after the Conservation Easement is recorded in the Official Records of Solano County ("**Date of Commencement**"), which shall be considered the start date of Year 1 of Plan implementation. SLT shall undertake Interim Management and Long-Term Management activities concurrently until Interim Management activities are completed.

3.2 SLT shall achieve substantial completion of Interim Management activities according to the timelines specified in Section 4 of the Plan ("**Substantial Completion of Interim Management**").

3.3 SLT shall conduct Long-Term Management activities on an ongoing basis according to Section 5 of the Plan.

3.4 SLT's failure to achieve the dates set forth in the sections of the Plan referred to in Sections 3.2 and 3.3 above shall not, in itself, constitute a breach of this Agreement if the Parties meet and confer and agree to extend the timeline pursuant to Section 3.5 and/or with respect to additional mitigation measures required by the USFWS as described in Section 5.3, as applicable.

3.5 In the event that timelines provided in the Plan for completion of Interim Management Activities or Long-Term Management Activities are not met, SCWA, the USFWS, and SLT will cooperate in good faith to extend such timelines as necessary to satisfy the Mitigation Requirements. The timeline shall be automatically extended for any occurrence beyond SLT's reasonable control, including, without limitation, severe drought, fire, flood, storm, earth movement, trespass and vandalism, and the failure of SCWA and/or PG&E, as applicable, to perform any of its obligations specified in the Contract Documents ("**Force Majeure**").

ARTICLE 4: CONTRACT SUM

4.1 SCWA shall pay, or cause PG&E to pay in accordance with the terms of the SCWA-PGE Agreement, to SLT on or before the Date of Commencement, the following sums pursuant to Section 7.1 of the Plan (collectively, the "**Contract Sum**") in immediately available funds for SLT's performance of the Work:

4.1.1 "**Interim Management Funds**" in the sum of _____ Dollars (\$_____) to cover the costs associated with (a) immediate startup activities during the first two years (see Section 4.0 of the Plan), (b) the first three (3) years of Long-Term Management (see Section 5.0 of the Plan), and (c) the costs associated with implementing mid-term startup activities (e.g., Tasks I in years 4 through 10 as further described in the Plan). The Interim Management Funds include a twenty percent (20%) overhead costs charge to cover SLT's administrative functions.

4.1.2 "**Endowment Funds**" in the sum of _____ Dollars (\$_____) to fund a non-wasting endowment ("**Endowment**") to cover all in-perpetuity management and monitoring costs required by the Plan and the PG&E HCP. The Endowment is intended to address a full suite of management actions including overall site management and changed circumstance management (i.e., remedial measures). The Endowment Funds also include a twenty percent (20%) overhead costs charge to cover SLT's administrative functions.

4.1.3 The Endowment provides for "**Contingency Funding**" pursuant to Section 7.1.3 of the Plan to address unplanned costs such as increased cost of steel, infrastructure that needs replacement before its estimated lifespan has been reached, or other expense associated with land management activities pursuant to the Plan.

4.1.4 Should SCWA provide notice in accordance with Section 2.4 that it will assume Task A5-1, within ninety (90) days of SLT's receipt of such notice, SLT shall transfer a portion of the Endowment Funds proportionate to Task A5-1 to SCWA, and this Agreement shall be amended to document this change in responsibility and budget. SLT

Item 8b.1

shall track the spending for this task separately from the rest of the Endowment Funds expenditures for a period of (5) five years from the Date of Commencement to facilitate this potential transfer.

4.2 Notwithstanding anything contained herein to the contrary, the Parties acknowledge and agree that (1) SCWA and PG&E remain ultimately responsible to the USFWS or otherwise for fulfilling such entities' respective Mitigation Requirements; (2) pursuant to this Agreement, and through the SCWA-PGE Agreement, SCWA shall bear all cost, responsibility, and liability due to or arising out of its obligation to fulfill the Mitigation Requirements; and (3) payment of the Contract Sum is a condition precedent to SLT's obligation to perform its obligations under this Agreement.

ARTICLE 5: STANDARD OF WORK

5.1 All Work performed by SLT shall be performed in accordance with applicable state and federal laws, regulations, policies, procedures, and standards.

5.2 SLT shall supervise and direct the Work, using SLT's commercially reasonable skill and attention. SLT shall be solely responsible for, and have control over, management and monitoring means, methods, techniques, sequences and procedures and for coordinating all portions of the Work, which shall be performed in accordance with the Plan. SLT shall schedule all construction, coordinate staff and subcontractors, and submit required reports to SCWA, all in accordance with the Plan. SLT will complete the Work as set forth in the Plan, and SLT will continue to manage and monitor the Property in accordance with the requirements and timeline in the Plan.

5.3 Should the USFWS require additional mitigation measures beyond those in the approved Plan, the Parties agree to cooperate in good faith to accommodate those additional requirements and to provide to SLT Contingency Funding pursuant to the applicable sections of the Plan. Notwithstanding the foregoing, the Parties acknowledge and agree that (a) SCWA shall not be obligated to provide additional funds unless an agreement is reached among the Parties to accommodate those additional requirements, and (b) SLT shall not be obligated to perform any additional task unless it is fully compensated therefor.

ARTICLE 6: PERMITS, FEES, NOTICES, AND COMPLIANCE WITH LAWS

6.1 Unless otherwise provided in the Contract Documents, SLT shall secure and pay for any required permits, fees, licenses, and inspections by government agencies necessary for proper execution and completion of the Work.

6.2 SLT shall comply with and give notices required by applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities applicable to performance of the Work.

Item 8b.1

6.3 If SLT, in its performance of any activity subject to this Agreement, violates any applicable law, statute, ordinance, code, rule or regulation, or lawful order of public authorities, SLT shall assume appropriate responsibility and shall bear the costs attributable to correction or compliance, and provide indemnification pursuant to Section 10.1.

ARTICLE 7: SITE ACCESS FOR SCWA; SCWA's RESTORATION ACTIVITIES

7.1 Upon at least forty-eight (48) hours' advance notice to SLT by SCWA, SLT shall grant SCWA access to the Property for inspection, Conservation Easement monitoring, and monitoring associated with the Plan.

7.2 Upon approval and implementation of the Solano HCP, and consistent with Section 12.2, SCWA will have the right to conduct applicable monitoring and restoration activities on the Property according to the requirements and protocols and implementation schedules defined in the Solano HCP, this Agreement, the Conservation Easement, and the Plan. These activities are not to be funded with the Contract Sum. SLT has the right, but not the obligation, to participate or assist with these tasks, but will not be held responsible for implementing any of such tasks to be implemented by SCWA.

7.2.1 SCWA will coordinate all enhancement, restoration, and species and habitat monitoring activities with SLT, and inform SLT at least forty-eight (48) hours prior to accessing the Property. A copy of any monitoring reports prepared by SCWA will be provided to SLT and the USFWS. It is anticipated that data exchange and discussion between SLT and SCWA will occur throughout the year as needed for collaborative management of the Property.

7.2.2 SCWA shall secure and pay for any required permits, fees, licenses, and inspections by government agencies necessary for proper execution and completion of its activities and shall comply with and give notices required by the Plan; and all applicable laws, statutes, ordinances, codes, rules and regulations; and lawful orders of public authorities applicable to such activities.

7.2.3 If SCWA, in its performance of any activity subject to this Agreement, violates any applicable law, statute, ordinance, code, rule or regulation, lawful order of public authorities, or the Solano HCP, PG&E HCP, Plan, or Conservation Easement, SCWA shall assume appropriate responsibility and shall bear the costs attributable to correction or compliance, and provide indemnification pursuant to Section 10.2.

ARTICLE 8: INSURANCE AND BONDS

8.1 SLT shall purchase and maintain insurance in the following amounts:

8.1.1 Commercial General Liability Insurance (excluding Automobile Liability), with minimum limits of \$1,000,000 per occurrence, \$2,000,000 general annual

Item 8b.1

aggregate, \$1,000,000 personal and advertising injury per occurrence, and \$10,000 medical expense;

8.1.2 Umbrella/Excess Liability Insurance (excluding Automobile Liability), including coverage for bodily injury, personal injury and property damage liability, with minimum limits of \$1,000,000 per occurrence and general annual aggregate; and

8.1.3 Commercial Automobile Liability insurance with a combined single limit for bodily injury and property damage of not less than \$1,000,000 each occurrence for any owned, hired, or non-owned vehicles.

8.1.4 SLT shall provide to SCWA on or before the Date of Commencement, and otherwise upon the reasonable request of SCWA, a certificate or certificates of insurance evidencing all insurance required by this Agreement in a form reasonably acceptable to SCWA.

8.2 Prior to SCWA's commencement of any activities on the Property, SCWA shall purchase and maintain insurance in the following amounts:

8.2.1 Commercial General Liability Insurance (excluding Automobile Liability), with minimum limits of \$1,000,000 per occurrence, \$2,000,000 general annual aggregate, \$1,000,000 personal and advertising injury per occurrence, and \$10,000 medical expense;

8.2.2 Umbrella/Excess Liability Insurance (excluding Automobile Liability), including coverage for bodily injury, personal injury and property damage liability, with minimum limits of \$1,000,000 per occurrence and general annual aggregate; and

8.2.3 Commercial Automobile Liability insurance with a combined single limit for bodily injury and property damage of not less than \$1,000,000 each occurrence for any owned, hired, or non-owned vehicles.

8.2.4 SCWA shall provide to SLT on or before the date SCWA intends to commence any activities on the Property, and otherwise upon the reasonable request of SLT, a certificate or certificates of insurance evidencing all insurance required by this Agreement in a form reasonably acceptable to SLT.

8.3 Each of the policies of insurance required by Section 8.1 and 8.2 shall provide, or be endorsed to provide, that such policies cannot be altered to reduce coverage limits or canceled without thirty (30) days' written notice having been given to the other Party of any such alteration or cancellation. All insurance maintained should be placed in companies licensed and approved by the state in which the work is performed.

ARTICLE 9: ENDOWMENT

9.1 All earnings, from interest or otherwise, from the Endowment are intended to provide for SLT's management, maintenance and preservation of the Property in

perpetuity, as described in the Plan. If the earnings from the Endowment are insufficient to provide for SLT's management, maintenance and preservation of the Property or other aspect of the Work, SLT shall use such available earnings to address the most critical management, maintenance and preservation needs of the Property, as further described in the Plan. SLT shall not be required to incur expenses beyond the means of the available earnings from the Endowment and shall incur no liability whatsoever for failing to address any other management, maintenance and preservation needs of the Property or for failing to undertake any other activity or aspect of the Work in the event the earnings from the Endowment are insufficient to reasonably provide therefor.

ARTICLE 10: LIABILITY

10.1 Subject to the limitations contained in this Agreement, SLT shall indemnify and hold harmless SCWA and its consultants, and agents and employees of any of them (collectively, "**SCWA Indemnified Parties**") from and against claims, damages, losses and expenses, including but not limited to reasonable attorneys' fees, arising out of or resulting from performance of the Work, provided that such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the Work itself), but only to the extent caused by the negligent acts or willful misconduct of SLT, its consultants, contractors, subcontractors, any other third party employed by SLT to access the Property and the agents and employees of any of them, and except to the extent any such claim, damage, loss and expense is attributable to the negligence or willful misconduct of any of the SCWA Indemnified Parties. This indemnification obligation shall not be limited in any way by any limitation on the amount or type of damages or compensation payable to or for the indemnifying party under workers' compensation acts, disability benefit acts, or other employee benefit acts.

10.2 SCWA shall indemnify, defend, protect, hold harmless, and release SLT, its officers, agents, and employees (collectively, "**SLT Indemnified Parties**"), from and against any and all claims, losses, proceedings, damages, causes of action, liability, costs, or expense (including attorneys' fees and witness costs) arising from or in connection with, or caused by, any negligent act or omission or willful misconduct of SCWA and its respective consultants, contractors, subcontractors, any other third party employed by SCWA to access the Property and the agents and employees of any of them, except to the extent any such claim, damage, loss and expense is attributable to the negligence or willful misconduct of any of the SLT Indemnified Parties. This indemnification obligation shall not be limited in any way by any limitation on the amount or type of damages or compensation payable to or for the indemnifying party under workers' compensation acts, disability benefit acts, or other employee benefit acts.

10.3 In addition, SCWA shall indemnify, defend, protect, hold harmless, and release the SLT Indemnified Parties from and against any and all claims, losses, proceedings, damages, causes of action, liability, costs, or expense (including attorneys' fees and witness costs) arising from or in connection with, or caused by, any administrative or judicial challenge to the Mitigation Requirements, including but not limited to the use of the Property to meet the Mitigation Requirements.

ARTICLE 11: TERMINATION

11.1 SCWA may terminate this Agreement for material breach by SLT only after giving SLT written notice specifying the breach and a reasonable opportunity to cure as further provided in Section 6.2 of the Plan. SLT shall make reasonable efforts to cure such breach within ninety (90) days after receipt of notice thereof from SCWA; provided, however, that under circumstances where the breach cannot reasonably be cured within a ninety (90) day period, given the seasonally dependent nature of some Mitigation Requirements, SLT shall begin curing such breach within the ninety (90) period or as soon as is reasonably practicable and continue diligently to cure such breach until finally cured.

11.2 SLT may terminate this Agreement for material breach by SCWA, which includes but is not limited to failure to make payments in accordance with Article 4 of this Agreement, only if such failure continues for a period of thirty (30) calendar days after written notice thereof from SLT to SCWA.

11.3 Upon termination by either Party as provided in this Article 11, SCWA shall pay SLT in full for Work actually completed in substantial compliance with the Plan that was not already compensated for by the Contract Sum.

ARTICLE 12: TRANSFER OF PROPERTY; FUTURE MITIGATION

12.1 SLT covenants that it will not convey or encumber the Property prior to the recordation of the Conservation Easement. After recordation of the Conservation Easement, SLT may convey the Property to a third party, provided that the terms of the transfer maintain all restrictions set out in the Conservation Easement. Should SLT desire the subsequent owner to assume all of SLT's responsibilities under this Agreement and the Plan, any such assignment will be made only with SCWA's prior written consent, which consent shall not be unreasonably withheld or delayed. Upon such approval, the subsequent owner (or a qualified conservation entity, if the subsequent owner is not qualified to hold such funds) shall receive and manage the funds remaining in the Endowment for the management, maintenance and preservation of the Property pursuant to the terms of this Agreement.

12.2 The Parties acknowledge that the timing of the approval of the Solano HCP is uncertain. In addition to those rights conveyed to PG&E pursuant to the SCWA-PGE Agreement and to SCWA pursuant to this Agreement, SLT hereby grants to SCWA, for a period of five (5) years from the Date of Commencement, an option to any mitigation use and/or mitigation credits available on the Property to satisfy the Solano HCP, upon such payments, terms, and conditions as may be mutually agreeable to SLT and SCWA, each in their reasonable discretion ("**Option**"). The Option shall expire if the Solano HCP has not been approved by the date that is five (5) years after the Date of Commencement, and, upon such expiration, SLT is free to offer those mitigation opportunities to one or more other entities. A Memorandum of Option in the form attached as **EXHIBIT G** shall be executed and recorded by the Parties in the official records of Solano County.

ARTICLE 13: NOTICES

13.1 All notices and other communications made in connection with this Agreement shall be in writing, addressed as set forth below, and given as follows:

13.1.1 delivered personally, delivered by nationally recognized overnight courier service or sent by certified or registered mail, postage prepaid, or, if an email address is provided, sent by electronic transmission, subject to confirmation of such transmission. Any such notice or communication shall be deemed to have been given (i) when delivered, if personally delivered; (ii) one (1) Business Day after it is deposited with a nationally recognized overnight courier service, if sent by nationally recognized overnight courier service; (iii) the day of sending, if sent by email prior to 5:00 p.m. (Pacific Time ("PT")) on any Business Day or the next succeeding Business Day if sent by email after 5:00 p.m. (PT) on any Business Day or on any day other than a Business Day; or (iv) five (5) Business Days after the date of mailing, if mailed by certified or registered mail, postage prepaid, in each case, to the following address or email address:

13.1.3 "**Business Day**" means any day other than a Saturday, Sunday or any other day on which banking institutions in the State of California are authorized by law or executive action to close.

13.1.4 If a Party desires to change its address for the purpose of receipt of notice, such notice of change of address shall be given in the manner specified herein. However, unless and until such written notice of change is actually received, the last address and addressee as stated by written notice, or provided herein if no written notice of change has been received, shall be deemed to continue in effect for all purposes hereunder.

SCWA:

Solano County Water Agency
Attention: General Manager
810 Vaca Valley Parkway, Ste 203
Vacaville, CA 95688
Phone: 707.451.6090
Email: rsanford@scwa2.com

With a copy to:

Jeanne M. Zolezzi, Esq.,
Herum/Crabtree/Suntag
5757 Pacific Avenue, Suite 222
Stockton, CA 95207
Phone: 209.472.7700
Email: jzolezzi@herumcrabtree.com

Item 8b.1

SLT:

Solano Land Trust
Attention: Executive Director
700 Main Street, Suite 210
Suisun City, CA 94585
Phone:
Email:

With a copy to:

Conservation Partners
Attn: Ellen A. Fred, Esq.
P.O. Box 47
Traverse City, MI 49685-0047
Phone:
Email:

ARTICLE 14: MODIFICATION OF AGREEMENT

14.1 If a Party desires to make any modification to this Agreement, the Parties shall make a good faith effort to agree on all necessary particulars of such amendment. To be effective, any such amendment must be made in writing and signed by both Parties and shall be consistent with the Plan.

ARTICLE 15: WAIVER

15.1 Failure of any Party at any time to require performance of any provision of this Agreement shall not limit that Party's right to enforce the provision. Waiver of any breach of a provision shall not be a waiver of any succeeding breach of the provision or a waiver of the provision itself or of any other provision.

ARTICLE 16: DISPUTE RESOLUTION

16.1 In the event there is a disagreement regarding any aspect of this Agreement that the Parties cannot resolve between themselves, each Party shall notify the other side of the impasse and suggest the name of a mediator or mediators. If the other side does not accept the suggested mediator(s), the disapproving Party shall have ten (10) days to make a counter-suggestion. In the event the Parties cannot agree on a mediator(s), each Party shall select one (1) mediator, who, together, shall select a mediator. In the event the dispute is not resolved by mediation, the Parties may then proceed with such other means of dispute resolution as they so choose. The costs of mediation shall be borne equally by the Parties, but each Party shall bear its own costs, including attorneys' fees, individually.

ARTICLE 17: ATTORNEYS' FEES

17.1 If any action is brought by either Party against the other Party, relating to or arising out of this Agreement, the transaction described herein or the enforcement hereof, the Prevailing Party is entitled to recover from the other Party reasonable attorneys' fees, costs and expenses incurred in connection with the prosecution or defense of such action

(it being understood and agreed by the Parties that all such costs and attorney fees shall be deemed to have accrued on commencement of any dispute, legal action or proceeding and that this Section 17.1 shall be enforceable whether or not such legal action or proceeding is prosecuted to judgment and that for the purposes of this Section 17.1, and to the fullest extent permitted by law, "**Prevailing Party**" includes a Party against whom a legal action is filed and later voluntarily dismissed, in whole or in part, regardless of the reason or motivation for such dismissal). For purposes of this Agreement, the term "**Attorneys' Fees**" or "**Attorneys' Fees and Costs**" means the fees and expenses of the respective counsel to the Parties, which may include printing, photostating, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals and other persons not admitted to the bar but performing services under the supervision of an attorney, and the costs and fees incurred in connection with the enforcement or collection of any judgment obtained in any such proceeding. The provisions of this Section 17.1 shall survive the entry of any judgment, and will not merge, or be deemed to have merged, into any judgment, and shall survive any termination of this Agreement.

ARTICLE 18: CONSTRUCTION

18.1 Headings at the beginning of each article, section and subsection are solely for the convenience of the Parties and are not a part of and shall not be used to interpret this Agreement. The singular form shall include plural and vice versa. This Agreement shall not be construed as if it had been prepared by one of the Parties, but rather as if all Parties have prepared it. Unless otherwise indicated, all references to articles or sections are to this Agreement.

ARTICLE 19: EXCLUSIVE AGREEMENT; CONFLICT

19.1 Except for the Contract Documents, this Agreement contains the entire agreement between the Parties respecting the matter set forth, and expressly supersedes all previous or contemporaneous agreements, understandings, representations, or statements between the Parties respecting this matter. To the extent the terms of this Agreement conflict or are otherwise inconsistent with the terms of the Plan (as amended with the approval of SLT and SCWA), the terms of the Plan shall control.

ARTICLE 20: COUNTERPARTS

20.1 This Agreement may be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

ARTICLE 21: INVALIDITY OF PROVISIONS

21.1 If any provision of this Agreement is declared invalid or unenforceable for any reason, that provision shall be deleted from the document and shall not invalidate any other provision in the document.

ARTICLE 22: SUCCESSORS

22.1 This Agreement shall be binding on and inure to the benefit of the Parties, and their respective heirs, personal representatives, successors and assigns; provided that SLT may not assign its duties under this Agreement without the prior written approval of SCWA, which shall not be unreasonably withheld, conditioned, or delayed, or as otherwise provided in the Plan.

ARTICLE 23: FURTHER ASSURANCES

23.1 Whenever reasonably requested to do so by another Party, each Party shall execute, acknowledge, and deliver any further instrument and/or document as may be necessary, expedient, or proper under the terms and conditions of this Agreement, in order to carry out the intent and purpose of this Agreement.

ARTICLE 24: EXHIBITS

The following exhibits are attached to this Agreement and incorporated herein by this reference:

| | |
|--------------|-------------------------------|
| EXHIBIT A: | SCWA-PGE Agreement |
| EXHIBIT B: | Property Description |
| EXHIBIT C: | Property Map |
| EXHIBIT D: | Long-Term Management Plan |
| EXHIBIT E-1: | Interim Management Budget |
| EXHIBIT E-2: | Long-Term Management Budget |
| EXHIBIT F: | Form of Conservation Easement |
| EXHIBIT G: | Memorandum of Option |

[Signatures to follow on next page.]

Item 8b.1

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the following day and year:

Date: _____

SOLANO COUNTY WATER AGENCY,
a public agency of the State of California

By: _____

Name: _____

Its: _____

Attest: _____
Secretary

Date: _____

SLT
SOLANO LAND TRUST,
a California nonprofit public benefit
corporation

By: _____

Name: _____

Its: Executive Director

SLT EIN#: 94-3015363

**HABITAT RESTORATION AND ENHANCEMENT AGREEMENT BETWEEN
SOLANO COUNTY WATER AGENCY
and
PACIFIC GAS & ELECTRIC COMPANY**

This HABITAT RESTORATION AND ENHANCEMENT AGREEMENT ("Agreement") is made this ____ day of _____, 2019 ("Effective Date") by and between the SOLANO COUNTY WATER AGENCY, located at 810 Vaca Valley Parkway, Suite 203, Vacaville, CA 95688 (hereinafter referred to as "SCWA") and PACIFIC GAS AND ELECTRIC COMPANY (hereinafter referred to as "PG&E"), 2730 Gateway Oaks Drive, Suite 220, Sacramento, CA 95833. The parties enter into this Agreement to provide for the mitigation project described herein. SCWA and PG&E are collectively referred to herein as the "Parties" and each individually as a "Party." Capitalized terms used herein shall have the meanings given herein or, if not otherwise defined herein, in the Contract.

RECITALS

- A. SCWA is a public agency of the State of California.
- B. PG&E is a California based Utility Corporation.
- C. On November 22, 2017, the U.S. Fish and Wildlife Service ("Service") approved PG&E's Habitat Conservation Plan for Bay Area Operations and Maintenance activities ("PG&E HCP"). The PG&E HCP covers gas and electric O&M activities in the nine Bay Area counties and covers 32 species, including California red-legged frog (RLF) and Callippe silverspot butterfly (CSB).
- D. SCWA is working to complete the draft Solano Habitat Conservation Plan ("Solano HCP") and associated Biological Opinions and Incidental Take Permits as may be issued by the Service.
- E. The King Ranch is located in Solano County, State of California, in the hills west of Suisun Marsh and Interstate 680, and east of Sky Valley, on USGS 7.5-minute Quadrangles Cordelia and Fairfield South. The 1,617.90-acre ranch is owned and managed by the Solano Land Trust ("SLT"), a California tax-exempt nonprofit organization qualified under Section 501(c)(3) of the Internal Revenue Code. King Ranch includes designated Assessor's Parcel Numbers 0181-120-080; 0182-080-040; 0181-120-060; 0182-070-050; and a portion of 0182-080-030, and is legally described and depicted in **EXHIBIT A**, attached hereto (the "Property").
- F. The Property contains significant conservation values intrinsic and specific to this land, including high quality natural, established, restored, and/or enhanced habitat for the federal-listed endangered Callippe silverspot butterfly (CSB; *Speyeria callippe callippe*), the federal-listed threatened California Red-legged Frog (CRLF: *Rana draytonii*), the state-threatened Swainson's Hawk (*Buteo swainsoni*) and their habitats; and the Burrowing Owl (*Athene cunicularia*) and Western Pond Turtle (*Actinemys marmorata*), both California Species of Special Concern. The

Property contains non-native and native grassland communities; oak woodlands; riparian and other aquatic habitats, including intermittent streams, wetlands, and stock ponds; and restored, created, enhanced and/or preserved jurisdictional waters of the United States and State of California. Individually and collectively, these wildlife and habitat values comprise the “**Conservation Values**” of the Property.

G. In a letter to SCWA dated December 13, 2016, attached in **EXHIBIT B**, the Service approved the early acquisition of the Property to count toward future mitigation requirements for both the Solano HCP and the PG&E HCP (collectively “**HCPs**”), subject to final approval of the HCPs, a description of how the credits would be divided between SCWA and PG&E, recordation of a Service-approved conservation easement (“**Conservation Easement**”), and development of a Service-approved long term management plan, attached as **EXHIBIT C** (“**Plan**”).

H. The Property provides a total of 23.49 acres of CRLF aquatic breeding habitat and buffers, 6727 linear feet of CRLF creek breeding habitat and associated buffers (90.56 acres), and 227.5 acres CSB breeding habitat credits for CSB (“**Total Credits**”). As documented in King/Swett Ranch Conservation Credit Approval Summary Cover Sheet attached as part of Exhibit B, of the Total Credits, the Parties acknowledge that PG&E is to receive 1,308 RLF credits and 227 CSB credits.

The Property contains 1,538.06 acres of habitat suitable for mitigation purposes for CRLF and CSB (“**Total Credits**”). The Total Credits comprise multiple credit categories as documented in King/Swett Ranch Conservation Credit Approval Summary Cover Sheet attached as part of Exhibit B, of the Total Credits. The Parties acknowledge that PG&E is to receive 1,307.43 acres CRLF credits and 227.63 acres CSB and CRLF dual credits in the applicable credit categories specified in Appendix B. SCWA will receive 32.94 acres CRLF credits and 0.51 acre dual CSB and CRLF credits.

| Credited Resource | Linear feet | Total Acreage | Beneficiary Acreage | |
|---|-------------|-----------------|---------------------|--------------|
| | | | PG&E | SCWA |
| Exclusions (Easements, Trails) | | 49.37 | | |
| California Red-legged Frog (CRLF): | | | | |
| CRLF pond breeding habitat | | 0.30 | 0.30 | |
| CRLF pond breeding habitat buffer and 300-foot buffer | | 23.19 | 23.19 | |
| CRLF creek breeding habitat and 300-foot buffer | 6,727.00 | 90.56 | 90.56 | |
| Reestablishment CRLF breeding pond | | 2.86 | | 2.86 |
| Reestablishment CRLF breeding pond 300-foot buffer | | 30.40 | | 29.89 |
| CRLF upland and movement | | 1,193.38 | 1,193.38 | |
| Riparian Restoration/CRLF upland and movement | | 0.19 | | 0.19 |
| Callippe silverspot butterfly (CSB) and CRLF: | | | | |
| Viola pedunculata -breeding habitat for CSB and CRLF upland and movement habitat* | | 227.63 | 227.63 | 0.51 |
| Total | | 1,617.88 | 1,535.06 | 33.45 |

I. A Property Analysis Record equivalent (“**PAR**”), attached as **EXHIBIT D**, has determined that long term management of the Property will require: initial and capital costs for years 1 through 3 of Four Hundred Nineteen Thousand, Eighty Eight, and 72/100 Dollars (\$419, 088.72), capital costs for years 4 through 10 of Two Hundred Fifty Six Thousand Two Hundred Thirty Five and 45/100 Dollars (\$256,235.45), and an endowment of Three Million Three

Hundred Twenty Thousand Seven Hundred Eight and 11/100 Dollars (\$3,320,708.11) ("**Endowment Fund**") for long-term management to develop and maintain the Total Credits.

J. In order to facilitate recordation of a conservation easement and administration of the mitigation project, SWCA and SLT will enter into a Contract for Habitat Mitigation and Monitoring ("**Contract**"). PG&E is familiar with the terms, rights and conditions included in the Contract. The Parties agree to undertake all actions under this Agreement in a manner consistent with the requirements of the Contract.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. **CONSERVATION EASEMENT.** The Parties anticipate that SLT will allow a conservation easement in substantially the form attached as **EXHIBIT E**, which is acceptable to the Service, to be recorded against the Property. The Conservation Easement will be held by SCWA, and will be administered through a Contract for Habitat Mitigation and Monitoring with SCWA and SLT substantially in the form attached as **EXHIBIT F** ("**Contract**"). SCWA will provide PG&E with copies of all reports it receives pursuant to Section 2.2 of the Contract. Prior to acquisition of the Conservation Easement, PG&E shall have prepared, at its sole cost, a Phase 1 environmental site assessment, in accordance with industry standards, on the Property ("**ESA**"), which it shall share with SCWA.

2. **LONG TERM MANAGEMENT.** Pursuant to the Contract, SLT is the designated Land Manager, and will be responsible for long term management of the Property, according to the Plan. Pursuant to the Contract, SLT shall implement the Plan, and manage and monitor the Property in perpetuity in accordance with the Plan and the Conservation Easement to preserve its habitat and conservation values.

3. **ENDOWMENT.** Within ten (10) days of the Conservation Easement recording date, PG&E shall deposit with First American Title Company the following funds in accordance with and as required by the Plan:

A. "**Interim Management Funds**" in the sum of Six Hundred Seventy Five Thousand Three Hundred Twenty Four and 17/100 Dollars (\$675,324.17) to cover the costs associated with (a) immediate startup activities during the first year (see Section 4.0 of the Plan), (b) the first three (3) years of Long-Term Management (see Section 5.0 of the Plan), and (c) the costs associated with implementing mid-term startup activities (e.g., Tasks I in year 2 and ending in year 10 as further described in the Plan). The Interim Management Funds include a twenty percent (20%) overhead costs charge to cover SLT's administrative functions.

B. "**Endowment Funds**" in the sum of Three Million Three Hundred Twenty Thousand Seven Hundred Eight and 11/100 Dollars (\$3,320,708.11) to fund a non-wasting endowment ("**Endowment**") to cover all in-perpetuity management and monitoring costs required by the Plan and the PG&E HCP. The Endowment is intended to address a full suite of management actions including overall site management and changed circumstance management

(i.e., remedial measures). The Endowment Funds also include a twenty percent (20%) overhead costs charge to cover SLT's administrative functions. PG&E acknowledges that all earnings, from interest or otherwise, from the Endowment are intended to provide for SLT's management, maintenance and preservation of the Property in perpetuity, as described in the Plan. If the earnings from the Endowment are insufficient to provide for SLT's management, maintenance and preservation of the Property or other aspect of any work required by this Agreement, the Plan, or the Contract (the "Work"), the Contract provides that SLT shall use such available earnings to address the most critical management, maintenance and preservation needs of the Property, as further described in the Plan. SLT is not required by the Contract to incur expenses beyond the means of the available earnings from the Endowment and SCWA shall incur no liability whatsoever for failing to address any other management, maintenance and preservation needs of the Property or for failing to undertake any other activity or aspect of the Work in the event the earnings from the Endowment are insufficient to reasonably provide therefor.

4. **MITIGATION CREDITS.** Upon recordation of the Conservation Easement, the Parties agree to take all efforts to confirm that PG&E shall receive 1,307.43 RLF credits and 227.63 CSB/CRLF dual credits from the Total Credits on the Property towards mitigation requirements in the PG&E HCP. Upon completion of the SCWA HCP, the parties agree that SCWA will receive 32.94 acres CRLF credits and 0.51 acre dual CSB and CRLF credits from the Total Credits on the Property towards the SCWA HCP.

5. **ACKNOWLEDGEMENT OF CONTRACT.** PG&E is fully familiar with the terms, rights and conditions included in the Contract, and hereby acknowledges the Contract. The Parties agree to undertake all actions under this Contract in a manner consistent with the requirements of the Contract.

6. MISCELLANEOUS.

A. **Interpretation and Headings.** The language of this Agreement shall in all cases be simply construed according to its fair meaning and not strictly for or against any Party. Headings of the sections of this Agreement are for the purposes of convenience only and the words contained in such headings shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.

B. **Modification.** This Agreement is not subject to modification except in writing signed by the Parties and any attempted modification not in compliance with this requirement shall be void. The Parties shall use their good faith efforts to complete any modifications within ninety (90) days after the initial request is made for a modification by the requesting Party.

C. **Notices.** All notices, demands, or requests from one Party to another shall be in writing, and given as follows: delivered by nationally recognized overnight courier service or sent by certified or registered mail, postage prepaid, or, if an email address is provided, sent by electronic transmission, subject to confirmation of such transmission. Any such notice or communication shall be deemed to have been given (i) when delivered, if personally delivered, (ii) one (1) Business Days after it is deposited with a nationally recognized overnight courier service, if sent by nationally recognized overnight courier service, (iii) the day of sending, if sent by email prior to 5:00 p.m. (PT) on any Business Day or the next succeeding Business Day if sent by email after 5:00 p.m. (PT) on any Business Day or on any day other than a Business Day or (iv) five (5)

Business Days after the date of mailing, if mailed by certified or registered mail, postage prepaid, in each case, to the following address or email address:

PACIFIC GAS & ELECTRIC

Attention:

2730 Gateway Oaks Drive, Suite 220,
Sacramento, CA 95833

Phone:

Email:

SOLANO COUNTY WATER AGENCY

Attention: General Manager

810 Vaca Valley Parkway, Suite 203
Vacaville, CA 95688

Phone: 707.451.6090

Email: clee@scwa2.com

"Business Day" means any day other than a Saturday, Sunday or any other day on which banking institutions in the State of California is authorized by law or executive action to close. If a Party desires to change its address for the purpose of receipt of notice, such notice of change of address shall be given in the manner specified herein. However, unless and until such written notice of change is actually received, the last address and addressee as stated by written notice, or provided herein if no written notice of change has been received, shall be deemed to continue in effect for all purposes hereunder.

D. Successors and Assigns. This Agreement and each of its covenants and conditions shall be binding on and shall inure to the benefit of the Parties and their respective successors and assigns.

E. Counterparts. This Agreement may be executed by the Parties in several counterparts, each of which shall be deemed to be an original executed document.

F. No Partnerships. This Agreement shall not make or be deemed to make any Party to this Agreement an agent for or the partner of any other Party.

G. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

H. Waiver. Failure of any Party at any time to require performance of any provision of this Agreement shall not limit that Party's right to enforce the provision. Waiver of any breach of a provision shall not be a waiver of any succeeding breach of the provision or a waiver of the provision itself or of any other provision.

IN WITNESS HEREOF, the Parties hereto have executed and delivered this Agreement as of the last date set forth below.

PACIFIC GAS & ELECTRIC,
a California corporation

By _____
Name
Title

Date _____

SOLANO COUNTY WATER AGENCY

By _____
Roland Sanford, General Manager

Date _____

1. The first step in the process is to identify the problem.

2. The second step is to gather information about the problem.

3. The third step is to analyze the information and determine the cause of the problem.

4. The fourth step is to develop a plan of action to solve the problem.

5. The fifth step is to implement the plan and monitor the results.

6. The sixth step is to evaluate the results and make adjustments as needed.

7. The seventh step is to document the process and results.

8. The eighth step is to share the results with others.

9. The ninth step is to review the process and make improvements.

10. The tenth step is to conclude the process.

11. The eleventh step is to evaluate the overall effectiveness of the process.

12. The twelfth step is to report the results to the appropriate authorities.

13. The thirteenth step is to disseminate the findings to the relevant stakeholders.

14. The fourteenth step is to implement the recommendations.

15. The fifteenth step is to monitor the progress of the implementation.

16. The sixteenth step is to evaluate the impact of the implementation.

17. The seventeenth step is to report the results to the appropriate authorities.

18. The eighteenth step is to disseminate the findings to the relevant stakeholders.

19. The nineteenth step is to implement the recommendations.

20. The twentieth step is to monitor the progress of the implementation.

21. The twenty-first step is to evaluate the impact of the implementation.

22. The twenty-second step is to report the results to the appropriate authorities.

23. The twenty-third step is to disseminate the findings to the relevant stakeholders.

24. The twenty-fourth step is to implement the recommendations.

LIST OF EXHIBITS

EXHIBIT A Property Descriptions for King Ranch

EXHIBIT B Service Approval of Mitigation Proposal
December 2016 Letter from Service Approving Parcels
Summary cover sheet for land acquisition form

EXHIBIT C Long-Term Management Plan

EXHIBIT D Property Analysis Record (PAR)

EXHIBIT E Conservation Easement

EXHIBIT F Contract for Habitat Mitigation and Monitoring

EXHIBIT A
PROPERTY DESCRIPTIONS FOR KING RANCH

EXHIBIT B
SERVICE APPROVAL OF MITIGATION PROPOSAL

EXHIBIT C
LONG-TERM MANAGEMENT PLAN EXHIBIT D
PROPERTY ANALYSIS RECORD (PAR)

EXHIBIT E
CONSERVATION EASEMENT

EXHIBIT F
CONTRACT FOR HABITAT MITIGATION AND MONITORING